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U.S. Central Bankers Cool to Higher Rates

Steady Economy and Low Inflation Sideline Concerns Over Dollar's Fall

By Keith Bradsher
New York Times Service

WASHINGTON — Senior Federal Reserve officials are expressing little enthusiasm for raising interest rates further, despite recent sharp declines in the dollar and the unemployment rate, which have created some pressure for another increase.

Several of the Federal Reserve Board's seven governors said in interviews they thought the American economy was slowing to a point of steady, sustainable growth with moderate inflation.

At the same time, they discounted warnings of some economists that the central

bank's seven interest rate increases over the last 13 months might brake growth so drastically that the economy would fall into a recession.

There are signs of a slowing down, but it's not the kind of slowing down that says you're in a nosedive," said John P. LaWare, one of the Federal Reserve govern-

The question of interest rate increases was reopened last week when the Federal Reserve chairman, Alan Greenspan, hinted that he might consider raising rates if the dollar's fall threatened to increase inflation.

Any such increase would be a departure

from the Federal Reserve's traditional practice of paying little heed to currency values in deciding on interest rates.

Many analysts took the comment at the time as a sign that the central bank suddenly found itself faced by new and conflicting international demands just when it thought it had adequately moderated economic growth by pushing rates higher.

The governors interviewed declined to discuss the dollar in specific terms. Mr. LaWare did say that he doubted a low dollar would increase exports so much that overextended factories would raise prices, feeding inflation.

The tenor of the comments of the four governors about the domestic economy supported the view that Mr. Greenspan's remarks were not a threat to raise rates soon, but an effort to halt the dollar's slide by nudging currency traders to stop selling dollars and start investing in the United States in hopes of higher returns here.

Mr. Greenspan's comments represented a subtle shift in tone from earlier congressional testimony. Mr. LaWare and the other governors interviewed all echoed the gist of that testimony: Enough drag has already been put on the economy to slow it from last year's overheated growth, and there is no sign that the Federal Reserve applied the brakes too heavily.

The problem with this stance is that it has unnerved currency traders, who sent the dollar plunging to record lows against the German mark and Japanese yen early last week.

Mr. LaWare, however, defended Mr. See FED, Page 11



KILLINGS AND A CURFEW IN ISTANBUL — Protesters blocking two armored crowd-control vehicles during fighting Monday between the police and members of the Alawite community angry about a shooting attack. Page 2.

EU Cuts Off Contacts With Canada Over Boat Seizure

Further Talks Ruled Out Unless Ottawa Releases Spanish Fishing Vessel

By Tom Buerkle
International Herald Tribune

BRUSSELS — The European Union broke off formal contacts with Canada on Monday to protest the seizure of a Spanish fishing vessel off Newfoundland, but it decided against any immediate trade retaliation.

There was no sign of an early end to the impasse, however, because the Union ruled out negotiations until the ship was released. Ottawa insisted that the fate of the ship was in the hands of Canada's judiciary.

"There's no question of negotiations on this affair if the captain and the ship are not first freed," said Nikolaus van der Pas, spokesman for the European Commission, the EU executive agency.

In Madrid, Foreign Minister Javier Solana Madariaga said Spain had begun steps to lodge a formal complaint against Canada at the International Court of Justice in The Hague, and had a second ship ready to steam to the contested waters.

A court hearing was set for Tuesday in St. John's, Newfoundland, where the vessel Estai was being held and the ship's captain, Enrique Davila Gonzalez, was released on bail Sunday on charges that included one count of illegal fishing.

The long-running EU-Canada fishing dispute flared on Thursday when Canada seized the Estai and its 24-member crew in waters about 28 miles beyond Canada's 200-mile (320-kilometer) boundary.

Europe contends that the seizure was a blatant violation of international law, while Canada said it was acting to conserve dwindling stocks of Greenland halibut, or turbot, around the Grand Banks off Newfoundland.

The incident has underscored the growing risk of trade disputes between longtime allies, as well as the difficulty of getting major nations to respond collectively to the rapid depletion of the world's fish stocks.

While Canada and the European Union both acknowledge the shrinking of stocks that has already forced a moratorium on

Blair Persuades British Labor Party Chiefs to Bury a Socialist Tenet

By John Darnott
New York Times Service

LONDON — Leading the Labor Party through what he called a "defining moment" in its history, Tony Blair scored a significant victory Monday as the party leadership voted to drop a 77-year-old commitment to "common ownership" of the means of production, distribution and exchange.

The rewriting of the party's charter — with its implicit abandonment of socialist doctrine and its explicit embrace of free

market pragmatism — is intended to reposition Britain's opposition in the political mainstream.

The goal is simple: to knock John Major's tattered Conservatives, in power since Margaret Thatcher's victory in 1979, out of the box. An election must be held by 1997 at the latest and could well come sooner if Mr. Major loses control of Parliament.

Monday's vote was a personal triumph for Mr. Blair. The 41-year-old leader, who came to power as party "modernizer," emphasizing such middle-class issues as

crime, staked a good deal of political capital on the struggle to rewrite Clause Four, as it is called.

He announced his intention to do so at a party conference in October, where he lost an initial vote on the issue. There followed a six-month campaign in which he hammered home the need for the change before party groups throughout the country and encountered a modicum of resistance from some union leaders and old-style party leftists.

The victory was all the sweeter because it was so public, which was perhaps part of

the strategy. And the Conservatives themselves unwittingly played into it by predicting at various points that Mr. Blair might well lose — something that would prop up the traditional Tory charges that Labor is still in the grip of trade union kinkings and radical socialists.

Now the newspaper headlines are bound to deepen Labor's inroads in the middle class, where all sides agree the election will be decided, and even among possible Conservative and Liberal Democratic defectors attracted to the slogan of "New Labor."

Mr. Blair and his deputy, John Prescott, worked on the final wording of a substitute Clause Four at Mr. Blair's house in London over the weekend. The party's national executive committee discussed it for three hours Monday afternoon and then voted to accept it, 21 to 3, with 5 abstentions.

The decision is not final, as a special party conference set for April 29 must give its approval. But no one expects the con-

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AGENDA

UN Will Maintain Sanctions on Iraq

UNITED NATIONS, New York (AFP) — The UN Security Council decided Monday to maintain economic sanctions against Iraq, the chairman of the council said. The sanctions, imposed in 1990 after the invasion of Kuwait, were automatically renewed because Baghdad had not yet complied with UN resolutions, said Li Zhaoxing of China.

The decision was a victory for the United States, which had campaigned in recent weeks for the sanctions against Iraq to be maintained despite pressure from Russia and France for them to be lifted. Diplomats who attended the meeting said that none of the representatives of the council's 15 member states pressed for an immediate easing of the sanctions.

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EUROPE France Welcomes Castro

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HAIR REPAIR — President Jiang Zemin of China finding time to comb at a session of the Eighth National People's Congress in Beijing on Monday.

Republicans Take Aim at Anti-Missile Pact

By Dana Priest
and Thomas W. Lippman
Washington Post Service

WASHINGTON — Congressional Republicans are using a stalemate in arcane negotiations with Russia on how to interpret the 1972 Anti-Ballistic Missile Treaty to build political support for challenging the historic arms control accord.

For more than 20 years the ABM Treaty has been considered the most important diplomatic tool in deterring nuclear war between the superpowers. It prohibits the United States and Russia from developing a defense of their homelands against nuclear attack under the theory that neither side would then start a nuclear war knowing it

could be destroyed by retaliatory strikes. But a growing number of Republicans, including many in the Senate where treaties must be ratified, believe that with the breakup of the Soviet Union and the new threat of missile attacks from rogue nations such as Iraq, the treaty has lost much of its usefulness.

Republicans are trying to use the negotiations — which deal with applying the treaty to new short-range missile technology — to show that President Bill Clinton is making concessions to the Russians that will prohibit the deployment of missile defenses that are crucial to national security.

Conservative Republicans, having suffered one defeat when the House stripped

from its defense bill a provision that favored a national anti-missile system, have opened a new campaign to win congressional support for developing defenses against nuclear missile attacks.

Republicans want to push ahead with the development of highly sophisticated defenses against short-range missiles that they believe could be launched against the United States from boats or other platforms. Depending upon the technology, these defenses could violate the ABM Treaty.

The disagreement between the Republicans and the Clinton administration has led to a testy exchange of letters. Mr.

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New Horrors From Argentina's 'Dirty War'

By Calvin Sims
New York Times Service

BUENOS AIRES — Many of the victims were so weak from torture and detention that they had to be helped aboard the plane. Once in flight, they were injected with a sedative by an Argentine Navy doctor before two officers stripped them and shoved them to their deaths.

Now, one of those officers has acknowledged that he pushed 30 prisoners out of planes flying over the Atlantic Ocean dur-

ing the military government's violent crackdown on dissent in the 1970s.

The former officer, Adolfo Francisco Scilingo, 48, a retired navy commander, became the first military man in Argentina to provide details of how the military dictatorship then in power disposed of hundreds of kidnapping and torture victims of what was known as the dirty war by dumping them, unconscious but alive, into the ocean from planes.

In his account, which was published this month in the Argentine newspaper Pagina 12, Mr. Scilingo said that he took part in two of the "death flights" in 1977 and that

most other officers at the Navy School of Mechanics in Buenos Aires, where he served, also participated in such flights. He estimated that the navy conducted the flights every Wednesday for two years, 1977 and 1978, and that 1,500 to 2,000 people were killed.

"I am responsible for killing 30 people with my own hands," Mr. Scilingo said in an interview after his account was published.

"But I would be a hypocrite if I said that I am repentant for what I did. I don't

See ARGENTINA, Page 11

Baltic Port Goes Hunting — for a Mayor

By Stephen Kinzer
New York Times Service

ROSTOCK, Germany — An unusual want ad appeared in several German newspapers recently.

"In the Hanseatic city of Rostock, the largest city in the state of Mecklenburg-Western Pomerania, with 237,000 inhabitants, the post of mayor is to be filled before the middle of 1995," the ad announced. "The ideal candidate would be decisive and responsible, and have considerable experience in the administration of a large municipality."

Like many communities in East Germany, Rostock has been run for the last few years by a mayor who came from the West and now wants to go back home. The incumbent, Dieter Schroeder, who was appointed by the City Council in 1993 after the previous mayor resigned, is 59 and says

he is not healthy enough to continue. Finding a replacement has not proven easy.

"We have serious work to do up here, and we need a real professional," said Manfred Sievert, director of the Chamber of Commerce. "I wouldn't say there's no one in Rostock who can do the job, but if we can find a Westerner who has the right background and who is also committed to this region, that would be ideal."

The new mayor will be chosen by a committee of leaders of the four parties represented on the City Council and the chief of the city's personnel department, and will be paid \$75,000 to \$91,000.

Rostock, like most of Eastern Germany, was in deep economic trouble when Germany was reunified in 1990. Most of its labor force was employed at the giant shipyards that supplied vessels for the Soviet Union and other Communist countries.

But East Germany's shipping industry, like its chemical, steel, textile, and energy industries, had become hopelessly outmoded and could not compete on the open market. Tens of thousands of laborers here lost their jobs, and more than 15,000 residents have left.

In 1992, the city was convulsed by several days of anti-foreigner rioting. Hundreds of residents stood by and cheered as neo-Nazi firebombed buildings where Gypsies and Vietnamese were living.

Extensive financial aid from the federal government, totaling about \$100 billion a year, has kept the former East Germany from collapse, and perhaps prevented a widespread social explosion.

Now, however, many Westerners are coming to believe that they have shelled out enough money in "solidarity taxes" for

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Diplomatic Fun, Pretoria-Style: Not All Its Missions Are Equal

Some Economize, a Lot, on Cocktail Expenses

Reuters

CAPE TOWN — Anyone looking for a good time at South African government expense should steer clear of Pretoria's diplomatic missions in Addis Ababa and Lagos and head instead for Paris, London or Tokyo.

The South African mission in Addis Ababa, the Ethiopian capital, spent just 72 rand (\$20) of its 11.7 million rand (\$3.3 million) budget for fiscal 1994-95 on entertaining. Foreign Minister Alfred Nzo disclosed in response to a parliamentary question on Monday.

The mission in Lagos, the Nigerian

capital, was even less generous, with an entertainment bill of 60 rand, but that came out of a much smaller total budget of 360,000 rand for the year.

The pickings were better in London, where diplomats spent 393,636 rand out of a 30 million rand budget on entertaining.

Paris spent 480,500 rand on entertaining. Tokyo 204,593 rand and Washington laid out 207,723 rand.

Overall, 7.2 million rand out of the total budget of 648 million rand for South African missions abroad was spent on entertaining.

Dow Jones	Trib Index
Down 10.38	Up 0.16%
4025.23	110.57

The Dollar	Mon. close	previous close
DM	1.407	1.4125
FF	1.5829	1.574
Yen	90.75	90.90
FF	5.002	5.0455

Newstand Prices	
Bahrain	0.800 Dhs
Cyprus	0.810 Dhs
Denmark	14.000 D.Kr.
Finland	11 F.M.
Gibraltar	0.85
Great Britain	0.85
Egypt	0.85
Jordan	1.00
Kuwait	1.00
Malta	35 c.
Nigeria	110.00 Naira
Oman	1.000 Rials
Qatar	8.000 Rials
Saudi Arabia	9.00 R.
Spain	160.00 Ptas.
Switzerland	2.00 S.Fr.
U.A.E.	8.50 Dirh.
U.S. M.	1.00
Zimbabwe	20.00 Zim.

An Underclass of Addicts/Ending Three Years of Fears

Zurich Imposes Order Where Drugs Once Ruled

By Alan Cowell
New York Times Service

ZURICH — By long tradition, this lakeside city of banks and big money flourished as an emblem of the Swiss order that made trains and watches and people all run on time.

Yet for the second time in three years, Zurich's sense of discretion and decorum has been upset by an underclass of drug addicts and dealers who transformed one of Europe's wealthiest financial centers into an open market for hard drugs.

The unraveling first began in February 1992, when the city elders sent squads of police officers to close down the central Platzspitz public park, where thousands of addicts and dealers had congregated to transact their business for at least two years.

The action, however, merely moved the market a short distance up the road, to a disused rail station called Letten, where the drug market thrived on Europe's most liberal drugs laws, on the alienation of the young and on the very affluence that makes the city so beloved of its bankers.

Disturbed by violence that culminated in the killings of four dealers in a turf war last summer, the authorities cracked down again last month, after having given up on hopes that a policy of tolerance would lead to self-regulation and containment.

At midnight on Feb. 14, they closed down the Letten narcotics market with razor wire and steel fencing. The addicts melted quietly away, the last two injecting heroin into their necks for the benefit of press photographers. "It was as if we had been set free," said Doris May, whose florist store looks out on nearby Limmatplatz, where the dealers once roamed so freely and with such perceived menace that she used to call the police to escort her to her car at day's end. "It had been three years of fear and filth, and last year was the worst."

For the city authorities, who are still reluctant to punish drug abuse itself, they no longer want to see it on the streets and hope that the latest action will be a turning point for Zurich as it comes into line with other Swiss cities that have taken a harder stance on public drug abuse.

"What counts for me is that what you don't see is O.K.," said Monika Stocker, who as director of Zurich's Social Affairs Department is in charge of drug policy and oversaw the latest measures. "People have to learn that they can't shoot up on the street anymore."

LIKE the Platzspitz before it, Letten offered an unrestricted haven for dealers selling heroin. Addicts injected it so openly that other Swiss came at weekends to watch, parking their cars not far from the discreet financial houses and plush hotels that are Zurich's pride.

At its busiest in the summer months, the drug market — in a middle-class area of apartments, stores and schools — attracted 1,500 people a day.

The police stood by, but took no punitive action against dealers or addicts, despite federal Swiss laws prohibiting the sale or use of narcotics.



A drug user sitting behind the barbed wire at the former Letten rail station before it was shut down by the Zurich police.

"It was like an Oriental bazaar," said the principal of a nearby school for textile apprentices. "You heard shots sometimes. They were all over the sidewalk. Shops went out of business. Restaurants were empty. People moved away. The dirt and pollution were incredible. The whole district died off."

In the effort to prevent the spread of AIDS, the authorities readily provided new clean syringes in exchange for used ones, as they still do at many shelters for addicts in the city.

For those willing to spend the money, a pack of two syringes and two condoms could be obtained for about \$2 from vending machines.

But tolerance did not seem to work in this city of more than 340,000 people.

"We couldn't deal with them," said Giorgio Prestele, a city spokesman on drug policy. "The police couldn't deal with them. They couldn't be given proper medical care."

Before the tougher measures were undertaken, Mr. Prestele said, the authorities had identified more than 150 as hard-core abusers who were generally over the age of 30, infected with HIV, and eligible for admission to the treatment centers. A second group of about 600 were viewed as steady drug abusers but not completely alienated from society.

"The biggest group of around 3,000 were people who came to Zurich to buy drugs and then left," Mr. Prestele said.

BASED on these figures, only about one-fifth of the addicts came from Zurich, while the rest came mainly from among the 30,000 addicts elsewhere in Switzerland.

"Zurich is just not in a position to look after all of Switzerland's addicts," he said.

This time, Mr. Prestele said, the authorities are hoping that the anti-drug measures will be more enduring than they were in 1992, in part because of a broader acknowledgment among the Swiss that they have a problem with drugs.

New municipal regulations allow the police to send Swiss addicts from outside Zurich to newly established therapy and counseling centers in their own home towns.

Federal laws effective Feb. 1 increased the punitive threat against the drug dealers, most of whom are foreigners, by authorizing the detention of illegal residents for as long as nine months without trial.

Since the Feb. 14 crackdown, the authorities have detained 200 dealers — mainly citizens of Kosovo Province in Yugoslavia and Arabic-speaking North Africans and Lebanese — in 200 new prison cells. About 100 addicts have been sent home.

Underlying the crackdown is a sense of generational change and confusion in Zurich, whose moneyed elite tends toward conservatism but whose governing coalition of Social-

ists and Greens has shied from harsh action for fear of staining its liberal credentials on drugs.

"You can't just go on saying, 'Here's little Switzerland,'" said Martin Huber, a reporter who covers drug affairs for the Tages-Anzeiger here. "It's big city life now and that means things like prostitution and drugs."

The immediate impact of the new measures has been to disperse the addicts — some to treatment and counseling centers, where methadone is administered under medical supervision to help addicts withdraw from heroin.

OTHERS have gone to places like the red light district of Langstrasse, where small clusters of people continue to buy and sell drugs. Dealers, the police say, now operate from apartments, subways and railroad stations.

"There's a lot more stress now," said a 19-year-old man looking for a dealer on Langstrasse. "Unless you have a dealer's telephone number to get the stuff in an apartment, the price on the street is twice as high. And it's hard to find a place to shoot up without the police coming after you."

For many other people here, though, the latest moves have attacked the symptoms, not the cause.

"As long as the market stays in Zurich," said Mr. Huber, "the users will always come back."

Rogue Explosions Shake Warsaw as Gangs Vie for Power

By Christine Spolar
Washington Post Service

WARSAW — It's a special curse in a city once destroyed by wartime bombs: a wave of rogue bomb blasts and an unprecedented number of anonymous threats.

Another deadly blast Monday rocked a home in the outskirts of Warsaw, killing two people and heightening tensions over increasing violence. Since January, the capital has been hit with near weekly explosions, which have gutted cars and apartments, and hundreds of phoned-in threats.

Explosions across Poland increased at such a rate last year — 83 blasts compared to 41 in 1993 — that the newly named prime minister, Jozef Oleksy, last week deemed it a crisis and formed a special task force, which he will lead, to target organized crime.

Police link the violence to two gangs engaged in a turf battle over control of the narcotic, prostitution, extortion and auto theft rackets in Poland.

Poland's location, straddling Eastern and Western Europe, has made it ideal territory for drug traffickers, authorities said.

Cabinet members are calling for tougher sentences for criminal gangs and an increase in jail time from 25 years to life sentences. Interior Minister Andrzej Milczanowski, a Solidarity activist of the 1980s, has complained that police are fighting a battle that will affect all of Europe and the police need some extraordinary legal advantages.

"All this crime is coming from the East and will infiltrate through Poland, to the West," Mr. Milczanowski said last week. He wants police authority to be able to tap phones and intercept mail in cases involving bribery, counterfeiting and drugs.

U.S. law enforcement officials who have been tracking the violence have been encouraging greater cooperation between the Polish government and police in order to stem the influx of organized crime. The FBI has plans to send officers to Warsaw this summer, a diplomatic source said.

Newspapers have begun a campaign demanding better police response to the deadly bomb attacks — 10 people have been killed and 36 wounded in two years — and have even gone so far as to prove how easy it is for anyone to buy a bomb. The tabloid Super Express bought \$2,000 worth of explosives at Warsaw's airport last month from people who claimed to be anti-terrorist officers.

Before the newspaper could hold a press conference to show off its cache to other journalists, however, Warsaw police raided the newspaper office, confiscated six sticks of dynamite and detonators and questioned the paper's publisher.

The paper explained in print: "Explosives are easily available and it is high time that the police took decisive measures against this dangerous situation."

The blasts have come as prosecutors who are pursuing organized crime cases in court have suffered personal and public attacks. Last week, a bomb was found in one prosecutor's car and another prosecutor, walking from court, was doused with acid.

Compounding fears about increases in such crimes is the fact that the police departments through Poland are underfunded, undertrained and lack such basic equipment as gas, desks and chairs. In Warsaw, for example, the police department has 2,000 vacancies.

Most of the bombs recovered by police — seven devices have been defused since January — are home-made. Fabricated with military or mining chemicals, they are unstable, raising the stakes for officers who defuse or remove them.

TRAVEL UPDATE

A Push for Airport Quarantine Areas

NEW DELHI (Reuters) — The head of the World Health Organization said Monday that he had asked international aviation authorities to make sure airports have quarantine areas to prevent the spread of diseases like plague.

The director general of WHO, Hiroshi Nakajima, said he had asked the International Civil Aviation Organization to help enforce global regulations requiring quarantine areas at borders. Mr. Nakajima said the absence of such a safety provision in many modern airports had contributed to the international panic that erupted after pneumonic plague broke out in India last September.

A long list of countries shut off all travel and trade with India during the outbreak, despite WHO's assurances that it was easily cured with common antibiotics and that any victims could be easily spotted at airport checkpoints. The plague killed 54 people in India. There were no reported cases outside the country.

Engineers are hopeful that traffic will resume within a week on Australia's flood-damaged Transline, the only rail link between Western Australia and the eastern two-thirds of the country. The Kalgoorlie manager of the national railway, Trevor Freeth, said Monday that it would still be several days before the level dropped sufficiently for workmen to raise the 900-meter (2,950-foot) section of damaged line and strengthen stone embankments. Services could be back to normal by early next week, he said. (AFP)

All Nippon Airways will terminate its partnership with Aeroflot of Russia this month and start new direct flights to Europe, a company spokesman said Monday. The company applied last week to the Japanese Transport Ministry to stop several weekly flights on the Tokyo-Moscow-Europe route operated jointly with the Russian airline, the spokesman said. All Nippon made the application after it signed a contract with Austrian Airlines to cooperate on a new direct Tokyo-Vienna service. (AFP)

A strike by port workers cut sea links between mainland France and its Mediterranean island of Corsica on Monday, and nationalists set off three bombs amid mounting labor tensions. Shipping lines canceled five daily car ferries between Marseille and the Corsican ports of Bastia and Ajaccio after strikers kept the ferry Danielle Casanova at anchor in Ajaccio, officials said. (Reuters)

A strike at Air Inter, France's main domestic airline, cut traffic by one-third Monday, a company spokesman said. Strikers blocked off access to Paris Orly airport, forcing luggage-laden passengers to walk from nearby highway exits. Strikers also barricaded runways at Bordeaux-Mérignac airport for several hours, stranding some 1,500 passengers. (Reuters)

Mr. Thagard, 51, the Russian flight commander, Vladimir Dzhuravov, and engineer, Gennadiy Strelak, will be launched in a Soyuz rocket at 11:13 A.M. Tuesday from the former Soviet Union's main launch site in the steppes of Kazakhstan. The Soyuz is scheduled to dock with the Mir on Thursday.

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Irish in America Cheer as U.S. Tips Hat to Sinn Fein

By Pam Belluck
New York Times Service

NEW YORK — Gerry Adams, the leader of Sinn Fein, the political wing of the Irish Republican Army, holding his party's first fund-raising event in the United States, praised President Bill Clinton for "doing the right thing" in giving the party "equality of treatment."

The event, held in the heart of the working-class Irish immigrant stronghold in Queens, followed Mr. Clinton's announcement last week that Sinn Fein would be allowed to raise money here for peaceful political purposes and that Mr. Adams would be invited to the White House on St. Patrick's Day.

Both announcements were strongly

opposed by British officials, who have suggested that such a reception for Mr. Adams could lead to increased tension in British-American relations.

But the news was greeted as a great victory by many Irish immigrants and Irish-Americans. On Sunday, a standing-room-only crowd of about 1,000 turned out, largely to applaud Mr. Adams.

Until last year, the United States had a ban on official contacts with Sinn Fein, condemning it as a terrorist organization that condoned bombings and killings by the IRA.

"The president of this United States did the right thing once again when he accorded Sinn Fein equality of treatment," Mr. Adams told the crowd.

Mr. Adams said Sinn Fein would open an office in Washington on Tuesday.

Mr. Adams, who has been granted a multiple-entry visa for three months, is expected to return to the United States several times in the coming months, a spokeswoman said.

On Wednesday, there is to be a \$200-a-person fund-raising event at the Plaza. On Thursday, he plans to attend a St. Patrick's Day lunch for members of Congress.

His visit to the White House on Friday, Clinton officials said, will not be a diplomatic meeting, but will revolve around a reception, at which the honored guest will be Prime Minister John Bruton of Ireland.

The significance of Sunday's fund-raising event was more symbolic than financial, organizers said. The suggested donation was \$20.

U.S. Ignores British
The White House spokesman, Michael McCurry, on Monday dismissed British government anxiety over Mr. Clinton's open arms treatment of Mr. Adams, saying: "We are aware of their concerns." Reuters reported from Washington.

Mr. McCurry also said that the United States and Britain still enjoyed "a warm and special relationship." When asked if Mr. Clinton had any second thoughts about allowing the Sinn Fein leader to attend a White House reception, he said, "No."

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Poll Is Bad News For Spanish Chief

Reuters

MADRID — Two-thirds of Spaniards believe Prime Minister Felipe Gonzalez bears political responsibility for death squads that operated against Basque separatists in the 1980s, according to a poll published Monday by El Pais.

The poll also indicates that almost the same proportion believe the government negotiated a deal with the former chief of the Civil Guard, Luis Roldan, to secure his capture and that Mr. Gonzalez has political responsibility for the affair. The poll was taken from March 4 to 7 and covered 1,200 people.

Shots Kill 3 in Istanbul and 8 Die in Clash

Agence France-Press

ISTANBUL — Eight people were killed and about 50 were wounded, most of them by gunfire, in violent clashes between the police and Shiite Alawite protesters, the Anatolian news agency said.

The violence erupted in the Gazi district of Istanbul, home to the city's moderate Muslim Alawite community, when thousands of people took to the streets Sunday night and Monday morning to protest shooting attacks in the district late Sunday, the agency said.

It said unidentified gunmen had opened fire on cafes and a

pastry shop, killing three people and wounding 15.

The authorities imposed a curfew on the district Monday, and Prime Minister Tansu Ciller called an emergency cabinet meeting.

The clashes began when demonstrators broke through a police barricade as they marched to a police station to protest the cafe shootings. The police had cordoned off the district and sought to keep journalists out, reporters said.

In overnight protests following the attacks in Gazi, 18 people were injured, 11 of them police officers.

No claim for the initial attack

has been made, but Mrs. Ciller and other government officials described it as a "provocation."

The Alawites, who account for 10 million of Turkey's population of 60 million, are a moderate Shiite community disliked by the fundamentalist minority among the mainly Sunni population.

Alawites do not observe the Islamic injunction to pray five times a day, to fast during Ramadan and to make the pilgrimage to Mecca at least once in a lifetime. Strict Muslims regard them as renegades.

Alawites, whose rites were influenced by pre-Islamic shamanist beliefs, do not pray in

mosques but in houses in which men and women are allowed to mix, a practice forbidden in the Sunni rite.

The Turkish press expressed concern over attack and President Suleyman Demirel called on his countrymen not to respond to the attacks or to "play the game of those who wish to undermine the country's integrity."

Mrs. Ciller stressed that "Alawites, Sunnites, Turks and Kurds have lived together for centuries" in Turkey.

In 1993, 37 Alawites were killed in when extremists set fire to a hotel during a cultural festival at Sivas in eastern Turkey.

U.S. Astronaut Ready for Stay On Russian Mir

Reuters

BAIKONUR, Kazakhstan — A U.S. astronaut, Norman Thagard, said Monday he hoped his historic joint space shot with Russia would lead to closer cooperation between the former Cold War foes.

"This program has demonstrated very well that the two sides can work together smoothly," Mr. Thagard told a news conference near the Baikonur site, from which he will blast off on Tuesday for 90 days in space.

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Austria	0025-002-014	Egypt (red area)	02-356-4777	Kazakhstan	0009-12	Poland	0000-112
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Bahrain	800-777	Finland	004-090-100-3	Korea (800)	0082-14	Reunion	01-800-0877
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British Virgin Islands	1-800-877-8000	Honduras	121	Liechtenstein	00423-1	Sierra Leone	00232-1
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THE AMERICAS

Mexico Becomes a Drug Power With Help From On High

By Tod Robberson
and Douglas Farah
Washington Post Service

MEXICO CITY — Mexico, for decades a key transshipment point for cocaine entering the United States, has expanded its role over the past year as a clearinghouse for worldwide drug shipments and money laundering with the active help of business leaders and government officials, U.S. and Latin American narcotics experts say.

The Mexican narcotics organizations, which sprang up as franchises of the Colombian cocaine cartels, are now viewed by U.S. and Mexican authorities as independent entities that maintain business ties with other criminal organizations but are strong enough to operate on their own.

Experts say they have built a financial empire using the country's booming tourist industry and stock market, converting billions of dollars in drug

profits into legitimate forms of capital that are integral to Mexico's financial health.

Bankers in Mexico do not discount the possibility that the December financial crunch that led to the peso's devaluation was the result, at least in part, of a massive transfer of drug money from the country.

As in Colombia, where the Medellín and Cali cartels pioneered large-scale shipments of cocaine through a combination of ruthless violence and huge bribes, the Mexican organizations depend on protection from members of government, the police and the judiciary.

In both countries, officials are often offered the choice of "silver or lead" — money or a bullet — allowing traffickers to build empires that often entangle the highest levels of government and law enforcement.

Remarkable similarities are emerging in the pattern of corruption and violence — including an unusually

high-profile series of killings — that has characterized Colombia for years and marks Mexico today.

The former deputy attorney general, Mario Ruiz Massieu, is under arrest in the United States as authorities investigate links between him and the Gulf of Mexico drug cartel based in northern Tamaulipas State.

A Mexican source close to the investigation said tens of millions of dollars that Mr. Ruiz Massieu kept in several U.S. bank accounts had been traced directly to the Gulf cartel. Meanwhile, Mexican authorities say the assassination of Mr. Ruiz Massieu's brother, José Francisco, also appears to be linked to the cartel.

Investigators say they have tied the notorious Arellano Félix cartel, based in Tijuana, directly to the May 1993 shooting death of Cardinal Juan Jesús Posadas Ocampo. Now they say they are looking into the possibility of drug ties to the March 21 assassination of

the governing party presidential candidate, Luis Donaldo Colosio.

A U.S. drug official said the recent political assassinations were characteristic of muscle-flexing by major drug gangs and have coincided with a number of shoot-outs between rival Colombian-allied cartels in Mexico.

As Mexico's major gangs consolidate their control and expand their alliances with Asian and European organizations, he said, there will come a time when they challenge Colombia's Cali cocaine cartel for control of the transshipment market here. The Cali organizations control about 80 percent of the world's cocaine market.

"The Mexicans in five years just might be more powerful than the Colombians," the U.S. official said. "For now, they are partners out of necessity, but it won't stay that way for long."

Evidence of the new strength acquired by the Mexican gangs has been the recent use of specially equipped Boeing 727 jets to fly tons of cocaine

from Colombia to points in rural Mexico. Several jets were seized in Cali in January after making runs to Mexico.

Part of the reason that drug organizations have been so successful, U.S. officials say, is that they devote millions of dollars in profits for payoffs to Mexican officials.

A senior Mexican official said that as the chief anti-narcotics officer, Mario Ruiz Massieu held one of the most coveted positions in Mexican law enforcement.

"He decided which police chief got which region to enforce," the official said. "That is not a professional appointment based on merit, it is a commercial transaction."

Eduardo Valle, an anti-narcotics adviser to former Attorney General Jorge Carpizo, said: "One of the good regions, like Tamaulipas or the other border states, can sell for \$1 million or \$2 million. That is what you get from your own police, on top of what you get from the cartels."

POLITICAL NOTES

Newcomers Chafe at Senate Ropes

WASHINGTON — For many years the closest thing to the promised land for a House Republican was a seat in the Senate. Seven of them landed there after the 1994 election. Now, some of them acknowledge, they occasionally find themselves looking longingly at their old berth in the House.

Senator Rick Santorum of Pennsylvania, 36, plopped his feet on the desk of his barely furnished office last week and tried to explain why.

"This body tends to bog down," said the former two-term member of the House, adding that he thought the Senate held the doctrine of stare decisis, or adhering to precedent, in higher regard than the Supreme Court. "Things don't change around here and nobody wants them to. Particularly the people who hold power."

For the freshmen class of 1994 — 11 of them in the Senate, all Republicans — there is no greater danger than the perpetuation of the status quo. They are restless with the deliberative, stately pace of the Senate, where the status quo goes by the name of tradition.

They yearn for a little of the man-the-hurricane spirit of the House of Representatives, which is rolling through legislation at an extraordinary pace. More immediately, some wonder why a Republican Senate has to spend five weeks on the balanced-budget amendment, watch the Democratic minority make endless points in the debate and then after all that still lose.

Senator Olympia J. Snowe of Maine said in an interview, "We don't want to be viewed as the big black hole where everything is lost." She said that a recent Republican poll found that the public held a significantly better view of the House than it did of the Senate. (NYT)

House Bill Would Cut Foster Care

WASHINGTON — In a little-noticed part of their welfare proposals, House Republicans are moving forward with a plan to rein in federal support for foster care and adoptive services and turn existing programs over to the states.

The Republican plan, which entails a \$2.9 billion reduction in the rate of growth in federal child welfare programs, has raised alarms from some state officials and child advocacy groups. These critics worry that the reduction is coming at a time when other proposed changes in the welfare program may force more poor women to relinquish custody of their children. But the plan has won the support of a number of Republican governors, who say it will give them the flexibility they need to revamp a system already staggering under soaring caseloads.

The plan, which was approved last week by the House Ways and Means Committee, is aimed at slowing the dramatic growth in federal subsidies for foster care and adoption. The bill is scheduled to be taken up by the full House along with the other welfare measures sometime in the next few weeks.

The Republican legislation, which would make the most far-reaching revisions in federal child welfare law in 15 years, also scraps a raft of federal regulations intended to ensure that children in foster care receive adequate medical services, food, clothing and education, replacing them with a requirement that each state develop its own plan for handling foster care and adoption that would be monitored by citizen review panels. (NYT)

Quote/Unquote

Senator John H. Chafee, Republican of Rhode Island, on the frustration of Republican newcomers to the Senate who moved there from the House: "They look back on where they were, and they see these things they believed in for so long happen overnight: zing, zing, zing, balanced-budget amendment, line-item veto, everything's swish, swish. They can't understand why it's not happening here, and they get frustrated." (NYT)

Away From Politics

• Gordon B. Hinckley, a lifelong official in the Mormon Church, was ordained as the church's 15th president in Salt Lake City, Utah. He succeeds Howard W. Hunter, 87, who died March 3 of prostate cancer after serving just nine months, the shortest presidency in the history of the Church of Jesus Christ of Latter-day Saints. (AP)

• Officials at University Community Hospital in Tampa, Florida, where a surgeon amputated the wrong leg of a patient, said that the hospital made another mistake two weeks later that led to the death of Leo Alfonso, 77, on March 3 after a respiratory technician mistakenly removed his ventilator. (AP)

• A fire gutted a mansion in the Beechhurst section of Queens that once served as a family retreat for the Broadway producer Arthur Hammerstein. The house was bought in 1987 by developers who proposed making it part of a condominium complex. The plan was thwarted by opposition from neighborhood residents. (NYT)



The town of Pajaro, California, was under water Monday after heavy rains burst a dike.

Half of California Now Disaster Area

Compiled by Our Staff From Dispatches

SAN FRANCISCO — Rain fell again Monday in a continuing series of storms that has turned half of California into a disaster zone, inundating the state's lush fields, closing roads and leaving at least 12 people dead and thousands homeless.

Jaimes Bailey of the state federal Flood Operations Center in Sacramento called the storm "the most widespread" in California "in this century."

Flooding on Sunday cut off the Monterey Peninsula to Northern California and forced thousands to evacuate from the low-lying farmland. But a narrow road was opened Monday to free stranded residents.

President Bill Clinton declared half of the state a disaster area, allowing businesses and residents — some still digging out from flooding in January — to apply for federal aid.

Mr. Clinton's declaration came after Governor Pete Wilson formally requested the president to make federal aid available to individuals and local governments in 39 of California's 58 counties, including

Los Angeles, Orange, Sacramento and Santa Barbara.

The estimated \$2 billion damage bill — the latest in a series racked up by earthquakes, wildfires and mudslides — has been due mostly to crop devastation.

Artichoke and strawberry fields at the neck of the Monterey Peninsula were under water and Southern California beaches were littered with oranges and limes washed down from the orchards.

Mountains of mud from hills still barred by the raging 1993 wildfires slid toward the ocean north of Los Angeles, cutting off the coastal highway and seeping into the posh beachside homes of Malibu.

At the center of the state, a rain-swollen creek washed out a bridge over the weekend on the busy Interstate 5 freeway and four cars plunged into the water.

The interstate, which links San Francisco to Los Angeles, was closed to traffic, and authorities said road damage would inconvenience commuters for some time to come. (AP, AP, Reuters)

JUNE 1995

6 TUESDAY

*The New Commission:
An Agenda For Business?*

—Brussels—

MARK YOUR DIARY!

The International Herald Tribune in association with Belmont European Policy Centre is convening an important one day conference, "The New Commission: An Agenda For Business?"

The conference, which will take place at the Conrad Hotel in Brussels on June 6, will debate the new Commission's agenda and the implications for the international business community.

FOR FURTHER INFORMATION, PLEASE CONTACT:

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POLITICAL ADVERTISEMENT

LEBANON REQUIRES YOUR SUPPORT FOR THE IMPLEMENTATION OF 425!

425. It's not just any number. It's the United Nations' Security Council Resolution 425, which, since 1978, has been calling for the immediate withdrawal of the Israeli forces from the Lebanese territories it has been occupying since March 14th of that year. For Lebanon, for the Lebanese, for the oppressed citizens living under Israeli occupation, and, most specifically, for those held prisoners in outright violation of the most basic of Human Rights, this number represents their deepest hope and anticipation for salvation.

March 14th, 1995 has been proclaimed as Solidarity Day With Occupied Southern Lebanon. It is a date on which all Lebanese will join hands to herald their outrage against Israeli injustice and against the world's passivity toward that injustice!

On March 14th, our expectation is for the world to remember its responsibility toward Lebanon — as represented through its endorsement of Resolution 425 — and to realize that the time has come to push for the unconditional implementation of its internationally acknowledged and legitimate decision.

Rally yourselves to our cause and manifest your solidarity with the people of Southern Lebanon by writing to the Lebanese embassy in your country of residence for the implementation of 425.

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Send to Lebanese Embassy

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Solidarity Day with occupied Southern Lebanon

JP 11.50

EELY ASIA

Over Korea

Korea has invited a delegation of 100 people to the 1995 Asian Games in Seoul. The delegation will include athletes, officials, and members of the press. The games are scheduled for September 1995.

Fishing Talks

Talks between Japan and South Korea regarding fishing rights in the Yellow Sea have resumed. The talks are part of a series of negotiations aimed at resolving the dispute.

Appeals to Thailand

The Thai government has received appeals from several groups regarding the proposed new constitution. The government is currently reviewing the appeals.

Tilment for Thai King

The Thai King has received a letter of condolence from the Japanese Emperor. The letter expresses sympathy for the late King Bhumibol Adulyadej.

From Into North Tib

Chinese troops have been reported to have moved into North Tibet. The move is seen as a sign of increased Chinese influence in the region.

CS

The Chinese government has announced that it will not attend the 1995 Asian Games in Seoul. The decision is based on concerns over the security of the games.

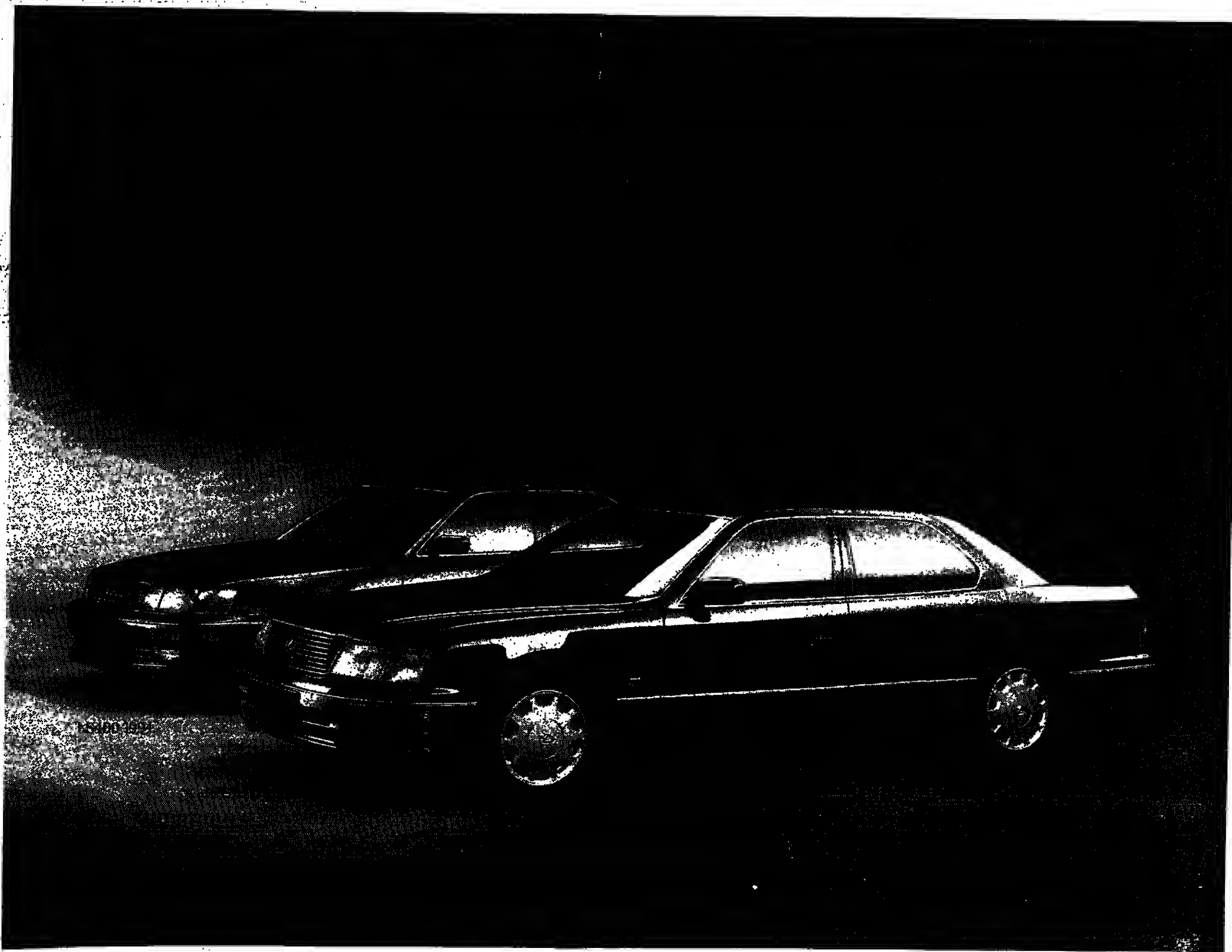
Legislature

The Japanese Diet has passed a bill to amend the constitution. The bill aims to clarify the powers of the executive and legislative branches.

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We compared the new LS400 with the best luxury car in the world. It's better.



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EUROPE

Americans to Join
NATO Croatia ForceCommunications Units to Aid
In Cutback of UN Contingent

Compiled by Our Staff From Dispatches

WASHINGTON — Some U.S. troops will be sent temporarily to Croatia as part of a small NATO military contingent expected to assist in the planned reduction of United Nations forces there, Defense Secretary William J. Perry said Monday.

A "small number" of North Atlantic Treaty Organization communications units, including some U.S. troops, will go into Croatia, said Mr. Perry, who welcomed an agreement by President Franjo Tudjman of Croatia to keep UN peacekeepers in his country.

Mr. Perry did not say how many U.S. or NATO troops would go to Croatia or when. But he also told reporters at a Pentagon photo session with Defense Minister Joris Voorhoeve of the Netherlands that contingency planning was continuing for the possible use of U.S. and other NATO troops to protect any UN military withdrawal from Bosnia, where UN officials are struggling to preserve a cease-fire.

Mr. Tudjman, after meeting Vice President Al Gore at the UN meeting on poverty in Copenhagen, said over the weekend that the UN troops could stay in his country pending talks on cutting their numbers and changing their role to include patrolling Croatia's borders.

"I am very pleased with the agreement," Mr. Perry said, "because I have felt for some time that the UN force is doing a very important job in Croatia and in Bosnia. We want them to stay in there. This is one very important move in that direction."

Mr. Voorhoeve praised the agreement as "a tremendous success of American diplomacy" and said it was extremely important to nations such as the

Netherlands, which are contributing troops to the UN force in the former Yugoslavia.

NATO plans huzzed over Sarajevo on Monday after the worst weekend of shelling in months. Tensions persisted, with gunfire at the airport as a plane landed to pick up President Suharto of Indonesia.

"We are not sure if the plane was hit," said Major Pierre Chavancy, a UN spokesman.

The airport was closed Sunday after a plane carrying the top UN official in the former Yugoslavia, Yasushi Akashi, was hit by heavy machine gun fire and a Red Cross plane was hit by gunfire Saturday. Aid flights were suspended at least through Wednesday.

Mr. Akashi had come to try to persuade the Bosnian government and rebel Serbs to renew their commitment to a de-escalating, four-month truce that many had hoped would lead to peace.

After meeting government leaders in Sarajevo on Sunday, Mr. Akashi said Monday with the Bosnian Serb leader, Radovan Karadzic, in Pale.

UN officials said they had asked for increased NATO surveillance flights following the worst violence in the city since the cease-fire took effect Jan. 1. Mortar and gunfire killed at least six people and wounded seven over the weekend.

A 20-kilometer (12-mile) ring around Sarajevo is supposed to be free of heavy weapons under an agreement negotiated by the United Nations more than a year ago. But the so-called exclusion zone is frequently violated.

(Reuters, AP)



Presidents Fidel Castro and President François Mitterrand during their meeting Monday at the Elysée Palace in Paris.

In Slap at U.S., France Embraces Castro

By Craig R. Whitney
New York Times Service

PARIS — In a slap at American policy toward Cuba as he approaches the end of his term as president, François Mitterrand welcomed President Fidel Castro to Paris on Monday for a three-day private stay that has most of the hallmarks of a state visit.

Mr. Mitterrand, who has often described the U.S. blockade of Cuba as "stupid," welcomed Mr. Castro to the Elysée Palace Monday with military honors by the Republican Guards and a formal lunch.

"I thought to myself: That's it, the end of apartheid," Mr. Castro told the French leader then. Later, he was also received by the president of the National Assembly and, on Tuesday, will talk to a delegation of business leaders. Before

he leaves Wednesday, he plans to visit Chablis at the invitation of a chicken magnate who does business in Cuba.

Mr. Castro flew in from Copenhagen, wrapped against the early morning cold in a green military overcoat, and was escorted to the government guest house, the Hôtel de Marigny.

There he was joined by Danielle Mitterrand, the president's wife. Mrs. Mitterrand has visited Mr. Castro in Cuba several times, most recently a month ago, when she gave a hospital a donation of \$2.5 million in the name of the French Liberties Association, a human rights group she heads as president.

Mrs. Mitterrand told French radio Sunday that the U.S. embargo was "stupid." Mr. Castro, she said, "was nothing like a dictator" when she first met him, on a visit to Cuba when Mr. Mitterrand was head of the Socialist International.

The Cuban regime, she said, had accomplished "the summit of what socialism could do," and she reproached other European governments for "refusing to support a regime that brought equality to the people."

Mrs. Mitterrand's remarks infuriated representatives of the Cuban exile community here, some of whom took to the streets Monday in front of the Elysée, where Mr. Castro came to deliver a speech — the official reason for his visit.

In his speech, he described the American embargo as "criminal" and said Cuba would never surrender to it.

No United States delegate was present; the Reagan administration suspended American membership in the organization.

The Clinton administration has objected to Mr. Castro's reception here, a U.S. diplomat said. Neither have any of the candidates hoping to succeed Mr. Mitterrand in May.

Foreign Minister Alain Juppé, who supports the candidacy of the conservative mayor of Paris, Jacques Chirac, contradicted Mrs. Mitterrand's assertion that Mr. Castro was no dictator.

"He has been one," Mr. Juppé said. "We consider that Cuba must make progress toward democracy and human rights, which are not respected as they should be in Cuba."

Mitterrand 'Overcomes'
Suffering From Cancer

Agence France Presse

PARIS — President François Mitterrand, suffering from cancer, said in an interview Monday that he was tired but had "overcome the suffering" less than two months before the end of his 14-year presidency.

Quoted in the conservative daily Le Figaro, Mr. Mitterrand, 78, said there was still hope that the prostate cancer from which he is suffering would not kill him.

The president has undergone two operations, and it was feared for a time that he might not live to the end of his second seven-year mandate in May.

Asked how he was feeling, Mr. Mitterrand said: "I am still tired, but I have overcome the stage of suffering." Asked how his illness was affecting his public life, he responded: "I am spending more time by myself."

But on a more optimistic note, he added: "I know I am 78 and that I have an illness which often kills. But not always. That 'not always' leaves a lot of room for hope."

In the wide-ranging interview, billed as the "Interview Without Taboos" because it included personal matters, the French head of state also spoke openly about recent revelations that he has a daughter born out of wedlock, Mazarine.

Mr. Mitterrand said he was "proud" of his daughter, and he attacked the media for harassing her, saying that the weekly magazine Paris Match should have considered his daughter's situation more carefully before publishing her pictures and story late last year.

Paris Match, breaking a tradition of not reporting private matters about political leaders, revealed that Mr. Mitterrand had for years had a mistress by whom he had Mazarine, who is now 20 and a student at the prestigious Ecole Normale Supérieure.

"Children have fragile souls," Mr. Mitterrand said. All this debacle surrounding Mazarine, a few months earlier, could have upset her balance and therefore her studies.

BRIEFLY EUROPE

Ministers Agree on Ferry Safety

BRUSSELS — European Union transportation ministers agreed Monday that "roll-on roll-off" passenger ferries should be forced to adhere to a strict safety code or be banned from EU ports.

The broad agreement, subject to final approval, was made in response to the sinking of the ferry Estonia in the Baltic Sea last September, in which more than 900 people drowned.

"There is an accord on the 'roll-on' regulation," an EU diplomat said, adding, "They have solved the principal problems."

Under the regulation, the 15 EU members would adopt the International Safety Management Code in July 1996, two years earlier than other countries. The code was drawn up by the International Maritime Organization.

The regulation, which needs European Parliament approval, does not require technical changes to ships but is intended to ensure that crews are prepared to prevent or deal with accidents. (Reuters)

Bonn Gathers Support on Livestock

RODEZ, France — Germany, backed by other northern European countries, urged France on Monday to make a fresh effort to break a deadlock on limiting the journey times and suffering of livestock shipped for slaughter.

Britain, Sweden and Austria were among the other countries that said they would raise the issue during three days of informal talks between European Union agriculture ministers in southwest France.

A compromise crafted by France, which holds the rotating EU presidency, failed last month to bridge deep differences between northern livestock exporters and southern importers. France has proposed that journey times and conditions vary according to the type of animal. Germany is seeking an eight-hour limit on all shipments. (Reuters)

Keating Defends Asia Trade Pact

THE HAGUE — Prime Minister Paul Keating of Australia assured Dutch industrialists on Monday that a free-trade pact among the Asian Pacific countries would not shut out European companies.

"We are not about to form an inward-looking or protectionist trade bloc," he told a group of senior business leaders during his one-day visit here.

Mr. Keating was referring to an agreement reached at a November meeting in Bogor, Indonesia, by leaders of the 18-member Asia-Pacific Economic Cooperation organization. They pledged to achieve free and fair trade among their countries by the year 2020. (AP)

EU Economy Slowed in 3d Quarter

BRUSSELS — The European Union's economy grew 0.7 percent in the third quarter of 1994, following growth of 1.0 percent in the previous quarter, according to figures released Monday by the EU statistics office.

In the first nine months of last year, the EU's gross domestic product was 2.5 percent higher than in the same period of 1993, Eurostat reported. (Reuters)

Calendar

European Union events scheduled for Tuesday:

BRUSSELS: Jacques Santer, president of the European Commission, and Sir Leon Brittan, EU external trade commissioner, meet with President Kim Yung Sam of South Korea.

STRASBOURG: Meeting of the European Commission to discuss industrial policy toward Central and Eastern Europe.

PARIS: Edith Cresson, EU commissioner for research, meets Ye Sen, president of the Chinese economic reform commission.

STRASBOURG: The European Council and European Commission report to deputies on the final conference for the European Stability Pact. Also on the agenda are tensions in Croatia and the proposed customs union with Turkey.

BRUSSELS: Jacques Santer, president of the commission, meets with former Prime Minister Carlo Azeglio Ciampi of Italy and the consultative group on competitiveness.

STRASBOURG: Ernesto Samper, president of Colombia, answers questions from European parliamentary representatives meeting under the presidency of Deputy Abel Matutes.

TOULOUSE, France: European ministers of agriculture meet for the last day of discussions on the role of agriculture and local government.

STRASBOURG: Approximately 80 members of Parliament and local representatives from peripheral regions meet for a three-day discussion on the situation of peripheral regions in the European Union. Sources: Agence Europe, AFP.

In the Wealth Sweepstakes,
Chirac Comes in a Poor 2d

The Associated Press

PARIS — Jacques Chirac, the leading candidate in French presidential elections, announced his personal worth Monday — about \$14 million — in a bow to public pressure on the contenders to stay strictly above board.

The figure, about 7.2 million francs, shows that Mr. Chirac, the mayor of Paris, has only about one-third the wealth of Prime Minister Edouard Balladur, who divulged his worth on Friday, about 21.1 million francs.

Both men are conservatives from the same party, the Rally for the Republic, giving a bitter edge to the campaign to replace President François Mitterrand, a Socialist ending a second seven-year term in May.

The Socialist candidate, Lionel Jospin, about even with Mr. Balladur in the polls, opened his bank book over the weekend, showing that he had no holdings and that he rents his home. Mr. Jospin conceded that he owned two cars, one sporty.

Ireland Senate Takes Up Abortion Debate

By James F. Clarity
New York Times Service

DUBLIN — The vehement national debate over Ireland's constitutional ban on abortion resumes this week as the Senate considers a measure that would guarantee freedom of information for women who want to travel abroad for abortions.

The measure, which establishes the right to information about foreign abortion clinics, was approved by the lower house of Parliament on Friday after a week of angry debate.

Approval by the Senate is expected this week, but the measure faces the prospect of a court challenge.

The abortion issue surfaced again last week, two and a half years after a referendum on abortion appeared to settle the issue of information. At that

time, the debate even led to what many felt was a bizarre dispute about how abortion should be depicted by women who present the news in sign language on national television.

Women who signed the news and were opposed to liberalization made a violent stabbing gesture at their stomachs. Those who were neutral or in favor of reform signed the word with a gentle motion of their hands away from their stomachs.

Now most of the presenters are using the neutral gesture of a hand motioned near the abdomen, but one simulates the cradling of a baby.

President Mary Robinson is reported to be considering using her authority to refer the bill before the Senate to Ireland's Supreme Court. Mrs. Robinson favored liberalization of the ban on abortion before she was elected in 1990 but is constitu-

tionally forbidden to speak out on political issues.

Prime Minister John Bruton has said that his government had no plans to deal with the basic law, which still forbids abortion except when the life of the mother is threatened.

The measure debated this week would allow implementation of the results of a 1992 ballot referendum that won 60 percent approval: that Irish women have the right to receive information in Ireland about where legal abortion may be available abroad. An estimated 5,000 Irish women go to Britain each year for abortions.

The health minister, Michael Noonan, said the new measure would permit social workers, nurses and doctors to provide information about abortion services. It would prohibit them from making direct referrals or appointments for the operations. Mr. Noonan was forced

to amend the bill to permit conscientious objectors to refuse to provide information.

The Irish Bishops' Conference condemned the bill, but stopped short of saying the lawmakers were morally obligated to vote against it. The government has accused the members of the principal opposition party, Fianna Fail, of playing politics by opposing the measure. The government contends that when Fianna Fail was in power, it approved a draft information proposal that was even more liberal because it would not have prohibited direct referrals.

Abortion opponents oppose even providing information.

"Giving abortion clinic details to someone contemplating abortion is at the core of abortion referral," a group called the Pro-Life Campaign said in a statement. "It promotes abortion and facilitates it."

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INTERNATIONAL

Hassan's Fear for the Mideast

King Sees Wide Instability if Peace Ebbs

By Youssef M. Ibrahim
New York Times Service

RABAT, Morocco — King Hassan II of Morocco, a pillar of Middle East peace efforts for decades, has warned in an interview that the momentum for peace is receding, pushing Arabs and Israelis into "absolutist" positions.

The king, whose family has long maintained friendly ties with Israel and Jewish populations around the world, said that unless peace efforts moved ahead before the American and Israeli election seasons this summer, instability would sweep the region.

He spoke in his office here Saturday before leaving for the United States. Hassan said he would urge President Bill Clinton, whom he is to meet for the first time Wednesday, to reconsider the consequences of sanctions on Iraq and Libya.

"Iraq is a country and a population," the king said. "We must not see only the Iraq of Saddam Hussein. We must see the Iraq of the next 10, 15, or 20 years. We cannot continue to humiliate and despise a people without thinking what may come of it."

The king said that sanctions deserved to be re-examined in light of their economic and social impact on the countries and their neighbors.

"There is an article in the United Nations Charter which says that if we impose sanctions upon a country, other countries that would be hurt by that would be compensated," he said. "Morocco now loses nearly \$1 billion a year because of the blockade of Libya and Iraq."

Hassan, who for 34 years has successfully balanced enforcement of Islamic religious practices with steady modernization of this country of 28 million, said he takes issue with those who characterize Islamic fundamentalism as the principal adversary of the West in the post-Communist years.

Islam, he asserts, is not to be confused with Islamic fundamentalism.

"I have yet to see a militant who advocates Islamic fundamentalism for the love of God. Fundamentalists preach their ideology because they consider Islam the elevator to take power. The day I see a fundamentalist who preaches religion for the love of God then I'll say, fine, let's listen. But so far, I haven't heard that."

He said the spread of fundamentalism and the sorry state of Middle East peace efforts were paramount concerns. "For all the parties involved, there is an important common denominator: time. The Palestinian Authority

'The day I see a fundamentalist who preaches religion for the love of God then I'll say, fine, let's listen. But so far, I haven't heard that.'
King Hassan

must be affirmed as soon as possible. If we leave it in its present condition, it risks getting weaker. The time factor also plays for the Israelis, who will enter an electoral period in July. And the time factor also plays for the Americans because next year is a presidential election year," the king said.

Hassan said that he was confident that the "will for peace" that started in Madrid during the Middle East Peace conference of 1991 was "irreversible," but cautioned that it could be overtaken by "elements of instability."

"There is a psychological cross-fertilization that must be taken into account. Until now, the Arab world was against Israel because of the

Palestinians. As soon as the air cleared up between Palestinians and Israelis, the Arab world took a deep breath of relief. It is certain that if the situation became negative between Palestinians and Israelis, the Arab world will return to its questioning and could revise the situation again."

Casting a look at a crisis closer to home, the king said that the war between Muslim fundamentalists in Algeria and its military-dominated government could be resolved only through dialogue.

"It is certain the Algerian drama is very regrettable for the Algerian people and their neighbors and for a certain image of Arabism and Islam."

He also noted, mockingly, that a NATO statement a few weeks ago said that the organization must now turn its attention to fighting fundamentalism.

"NATO is a defense organization for the North Atlantic region. I don't think NATO was created to fight fundamentalism, but to fight Soviet guns and missiles."

"Anyway, if fundamentalism has to be engaged in battle, it would not be done with tanks. Fundamentalists don't have armored divisions, they are not Scud missiles, and not an atomic weapon. It is a behavioral question, a psychology which cannot be fought with armadas but with other ideas."

Asked how it would be possible to resolve the issue of Jerusalem, Hassan said that the Israelis had to give some ground on Jerusalem.

"The Israelis can enlarge West Jerusalem as much as they like, but Holy Jerusalem is something that has been profoundly anchored in the Arab and Muslim world for 14 centuries. We are not claiming all of Jerusalem, but just that holy Muslim part of Jerusalem," he said.

"Now, do we tackle the Jerusalem problem immediately or in a further stage? That is a matter of strategy. We don't want everything. We want what's ours."



Prime Minister John Major of Britain laying a wreath at the Yad Vashem Holocaust memorial center in Jerusalem on Monday, the second day of a three-day visit to Israel.

Christopher Hints At Mideast Progress After Seeing Assad

By John Lancaster
Washington Post Service

DAMASCUS — After meeting with President Hafez Assad for the first time in more than three months, Secretary of State Warren M. Christopher said Monday that he detected signs of progress toward a resumption of formal peace negotiations between Syria and Israel.

U.S. officials described restarting the talks as one of the principal goals of Mr. Christopher's six-day Middle East tour, which began last week in Egypt and has included stops in Israel, Jordan and Saudi Arabia.

Although Mr. Christopher announced nothing concrete from his five-hour session with Mr. Assad, he has seemed determined to dispel the impression that had been growing in recent weeks that Israel's talks with Syria and the Palestinians were heading for an impasse.

In a brief statement before leaving late Monday for Jordan and Israel, Mr. Christopher said that Syria and Israel were "once again engaging in serious

discussions and are looking for ways to make progress."

In an apparently hopeful sign, he said he would return to Damascus on Tuesday morning for another meeting with Mr. Assad before heading for Washington in the afternoon. But Mr. Assad apparently stopped short of agreeing to the formal resumption of direct contacts between Syria and Israel that were broken off in December.

The secretary's first tour of the region since December also has been aimed at energizing stalled talks between Israel and the Palestinians on expansion of Palestinian self-rule and shoring up support in Gulf states for continued United Nations sanctions against Iraq.

Mr. Assad has said he would not make peace with Israel until it returned the Golan Heights, which it captured in the 1967 Middle East war, a demand that Israel has rejected.

Syria and Israel have not been in direct contact since the breakdown of secret talks in Washington in December between their chiefs of staff. Syrian officials were frustrated by what they called "very fuzzy, intangible" Israeli proposals and saw no reason to continue, according to a Western diplomat in Damascus.

Syria then recalled its ambassador to Washington for the month of January, effectively shutting down its avenue to U.S. officials who have been mediating the talks.

Mr. Assad gave a speech to religious leaders last month vowing no compromise with Israel. The state-run press offers daily fulminations against Israeli "intransigence" in the negotiations, and Syria recently rejected an Israeli offer to partly pull back from the Golan as a test of Syria's good intentions.

U.S. officials believe that if each side could sense some movement by the other on security guarantees, they might at least be induced to resume their discussions. That would be a major achievement in light of the current chill.

International Aid for Palestinians Falters

By Joel Greenberg
New York Times Service

JERUSALEM — An international aid effort for the Palestinian Authority has been thrown into crisis because donors have not honored pledges to support a fund for the fledgling self-rule administration in the Gaza Strip and Jericho.

The fund, administered by the World Bank to help cover the authority's operating expenses, has run out of money, aid officials said. The donors have failed to honor pledges worth about \$36 million out of \$60 million made at a meeting in Brussels in November.

The donors pledged at the meeting to provide an emergency aid package for the Palestinians through the end of March. The fund, called the Holst Peace Fund, was set up to help meet the authority's operating costs. It is named after Johan Jorgen Holst, the late foreign minister of Norway, who helped broker the September 1993 self-rule accord between Israel and the Palestine Liberation Organization.

The Palestinian Authority has begun collecting taxes in the West Bank and Gaza Strip. Revenues fell last month, however, because Israel restricted entry for thousands of Palestinian laborers after a suicide bomb attack. United Nations officials in Gaza have estimated the loss to the economy there at \$2 million a day.

After the Israeli-Palestinian accord was signed, foreign donors pledged \$2.5 billion in aid for five years. But lack of coordination among donors and Palestinian inability to process the aid led to delays in delivery of contributions. Of \$800 million pledged for last year, only \$228 million was delivered.

Officials coordinating the aid effort here warned that the Israeli-Palestinian accord could unravel if it loses financial support. The current crisis threatens payment of salaries to about 24,000 employees of the Palestinian administration, including teachers, doctors and office staff.

Odin Knudsen, the World Bank representative in the West Bank and Gaza Strip,

said donors were less eager to give money for such day-to-day expenses than for development projects.

"This aid is invisible, because it shows up in salaries and not in new roads or sewage systems," he said.

While the United States honored its \$12 million pledge for the Holst Fund, several European and Gulf nations are among the donors that have not made their payments.

The officials said the Europeans had been slowed by bureaucratic delays. The Gulf states, which pledged more than \$20 million, are reluctant to help Yasser Arafat, the PLO chairman, who heads the authority.

Gulf nations cut off earlier financial support for the PLO after Mr. Arafat supported Iraq during the Gulf War.

Informal talks and a formal donors' meeting are planned for April to discuss outstanding pledges and ways to cover the expected Palestinian budget deficit for the rest of this year, estimated to be \$250 million.

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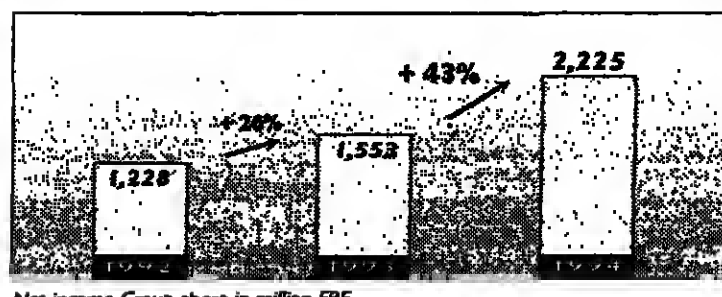
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Protect the Depositors

When Barings collapsed last month, it seemed astounding that a 28-year-old trader could single-handedly have sunk a bank with two centuries of experience behind it. But perhaps that is not quite the way it happened. While a great many questions remain to be answered by the various inquiries now under way, a different and more troubling impression of the bank's fall is emerging. There are simple ways to control reckless young traders. It is harder to protect a bank from a management that turns a blind eye to dangerous speculation producing a stream of profits and fattening executives' bonuses. Four items suggest that the poor judgment at Barings was not confined to the Singapore trading operation that ran up those huge and fatal losses.

Item one: In the two months before the bankruptcy the bank transferred more than \$800 million to its Singapore office for collateral and margin calls on its speculations. Transfers of that size were an unambiguous warning that something far out of the ordinary was going on. The alarm bells were ringing.

Item two: As the bank's liabilities rose, the Singapore International Monetary Exchange summoned a senior executive from London to assure them that Barings was aware of its position. That meeting was

Adams at the White House

As soon as Gerry Adams indicated a willingness to discuss decommissioning the weapons of the Irish Republican Army, President Bill Clinton extended him a St. Patrick's Day invitation to the White House, and permission to raise funds in the United States. Mr. Clinton was right to resist British pressure to snub the Sinn Féin leader. It was silly for the British to argue that Washington deny Mr. Adams the ability to raise money in America, when he is allowed to do so in England.

Mr. Clinton was sympathetic to the Irish concern that Britain, determined to remain in charge of the timetable for peace talks, was dragging its feet. He saw an opportunity to move things along, and he took it. The Irish government made clear that it had no objections to Mr. Adams being present at the March 17 celebrations at the White House along

with Irish Prime Minister John Bruton. Mr. Clinton resisted the advice of many of his closest advisers to continue the fund-raising ban. Surely the president was aware that his gesture would do him no harm in heavily Irish-American states like New York and Massachusetts. Still, he was right to choose the chance to speed up the peace process over the risk of angering the British.

Now that Mr. Adams has agreed to put demilitarization on the table, the British can help by agreeing to talks with Sinn Féin at the ministerial level. But Mr. Adams has an obligation, too. He must vindicate Mr. Clinton's gesture by acting responsibly, making sure the money raised in America is used for peaceful purposes and coming up with concrete proposals that will, to use his own words, remove the gun from Irish politics.

Submarines Can Wait

As House Republicans slash money for job training, education, homeless youths and dozens of other domestic programs to save \$15 billion this year, it would be salutary if someone in the leadership had the gumption to mention the Seawolf submarine. The Republican Senator John McCain, hardly a dove on defense spending, would save \$2.3 billion this year alone by barring construction of one of these new, unnecessary attack submarines.

With or without a balanced budget amendment, Congress is not going to put the federal ledger in equilibrium by 2002 unless it starts now to make reductions in Pentagon spending, which is \$264 billion this year and projected to total \$1.2 trillion over the next five years. A good place to start is expensive new weapons that are no longer needed, and a good example is new attack submarines. If Congress re-examines the Pentagon's requirements for attack submarines, and postpones navy purchases, it can save at least \$10 billion in the coming decade.

The Pentagon admits that it has no need for a third Seawolf, an attack submarine designed to counter a now defunct Soviet oyster. Building it at the Electric Boat works in Groton, Connecticut, has one purpose — to keep a second submarine production line running until construction of a new fleet of attack submarines begins in 1996. But if Groton is shut down and the life span of existing submarines is extended by five years, to 35, new purchases can be postponed for several years.

Buying new submarines can be put off still longer if the navy revises the way it uses them. While the Pentagon says it needs 45 to 55 submarines, half that number would suffice. North Korea, for in-

stance, has 24 submarines; Iran just two. Yet the navy wants as many as 67. It also wants 10 to 12 to be a new, quieter model to counter new Russian submarines.

What drives the requirement for submarines is not preparation for war but peacetime presence, the Pentagon's euphemism for intelligence-gathering and tailing Russian submarines that carry missiles. Both missions are open to question.

Submarines are routinely dispatched along with American forces to intercept communications. Permanent presence is a much more demanding requirement. The navy has three or four submarines in the Mediterranean, a similar number in the Pacific and one or two in the Indian Ocean. For every sub permanently on station, the navy needs five or six in overhaul, on rotation or in transit. What intelligence targets warrant such presence now?

Tailing Russian submarines is an even more dubious mission. Russia is scrapping land-based missiles to satisfy arms accords, increasing its reliance on submarine-launched missiles for deterrence. Having U.S. attack submarines prowling Russian waters makes those missiles vulnerable, which makes Moscow reluctant to reduce its land-based force further and anxious to protect its sea-based force with quieter attack submarines.

A reduction in peacetime presence could allow the U.S. Navy to operate with 30 attack submarines. The start of submarine construction, even to satisfy the higher requirements, can wait. The first submarines built after a long hiatus could cost more and take longer to construct. The price would be small compared with the savings.

Other Comment

Don't Count on Milosevic

There is blood on all hands in the Balkans. Yet, to quote from a highly classified CIA report leaked to the press, "Serbs carried out at least 90 percent of the ethnic cleansings in Bosnia."

The timing of the CIA leak is not accidental. Clearly, some in the agency fear a British-French move to lift the UN economic sanctions against Serbia-Montenegro in the hope that President Slobodan Milosevic might then change his

ways and cooperate in seeking peace. The leak, exposing Mr. Milosevic, aims to dissuade the Clinton administration from supporting any such move.

Whatever Britain and France do, the United States should not lift the sanctions on Belgrade. Doing so would have a symbolic meaning. It is folly to yield to the principal war-maker in hopes that, contradicting the entire pattern of his past behavior, he may lead the way to peace.

The Atlantic Allies Have Responsibilities to Assume

By Rudolph Scharping

The writer is chairman of the Social Democratic Party of Germany.

BONN — This is the 50th year since the end of the greatest disaster of the century. As we Germans commemorate our liberation from National Socialism and the end of World War II, we ponder the lessons for the world today.

We know well the dangers that must be avoided so that history does not repeat itself. Germany today has become a stable democracy. It is part of a highly integrated community of West European countries, among which another such war has become inconceivable. That community is linked, in turn, across the Atlantic to a democratic America.

Preserving and strengthening the links between democracies that were of such essential importance during the Cold War is of the utmost urgency today. For we now confront a post-Communist era that is far more destabilizing than we had imagined when the Berlin Wall fell five years ago. The Atlantic democracies have rightly looked in this period to the United Nations as a central instrument for treating an international order based on the rule of law and human rights.

The greatest dangers to this infrastructure of peace are isolationism, unilateralism and the refusal of democratic states to accept international responsibility. Of late, views of this kind are being voiced loudly in the United States. And that could have the disastrous consequence of reinforcing similar trends in Europe.

To be sure, there is room for criticism of actions undertaken by the United Nations, which in every instance can only be the sum of the contributions made by its members. However, if such criticism leads

a country as pivotal as the United States to withdraw from joint responsibility and reduce its contributions for peacekeeping or other activities, then the United Nations will be weakened at a time when its help is needed more than ever.

The role of the United Nations should primarily be seen in terms of not notably weak military options but rather of long-term strategies aimed at multilateral actions on such issues as population growth, poverty and environmental destruction.

Unilateral action by the United States would also risk transatlantic estrangement just when the solidarity of the Atlantic alliance is most needed. For example, a unilateral lifting of the arms embargo imposed on the Bosnian government, as some in the U.S. Congress are contemplating, would lead to a dramatic escalation of the military conflict and prevent the delivery of UN humanitarian assistance. It would cause an even greater loss of mutual confidence within the alliance. And it would antagonize Russia.

The American Congress, no less than the German Bundestag or the British or French parliaments, must understand that it is shortsighted to formulate foreign policy solely on the basis of domestic political considerations.

This mentality of withdrawal and neo-isolationism is evident in my own country as well. The understandable tendency

to focus on social problems when unemployment levels are high, especially in the East, must not lead us to neglect problems in the world around us.

If we ignore those crises now, they will return to haunt us. When that happens it is often too late to do anything about it.

For Germany, the Atlantic alliance is the chief means of grappling with external problems. As the key institution guaranteeing security and stability in Europe, the alliance today confronts the problem of how to relate to Eastern Europe and Russia.

The Chechnya crisis reveals the difficulty of the task. This war is by no means just a problem for Russia. We can never forget that an unstable and unpredictable Russia will still be a global power armed with nuclear weapons. We do not know the extent to which our policies can actually promote the desired trends in Russia. However, we can and must state openly that what we want — what is in the interest of the Atlantic democracies — is a Russian partner that is democratic and governed by the rule of law.

For this reason, we need to insist that the Russian government rapidly seek a political solution with the Chechens, and that it open the way for humanitarian relief from outside.

Russia's position is also critical if the process of enlarging NATO membership is going to move ahead rapidly in a way that solves security problems, without creating new ones. Russia has no veto power with respect to NATO enlargement and has committed itself to the principle of nations making a free choice

of alliances, but it will continue to be necessary to involve Russia at all levels in the process of shaping security and stability in post-Communist Europe.

Appropriate consideration must be given to Russia's status and its self-perception as a major power. Active development of the Organization of Security and Cooperation in Europe, and the European Union policy of cooperation with Russia, serve this objective.

Russia isolated itself to its own disadvantage when it rejected the Marshall Plan. The Atlantic democracies must do everything they can to keep Russia from repeating that mistake. At the same time — since all candidates for membership cannot join NATO simultaneously, due to their differing abilities to fulfill such criteria as having a functioning democracy or protecting minority rights — a wide range of political, economic and military ties must be created with the East European states before formal alliance guarantees are established. The guiding principle of a post-Cold War European security architecture must be to avoid a new division of Europe or the new formation of blocs.

Because Germany disregarded international law and human rights more than a half-century ago, we have special obligations now. Refusal by Germany or any other Atlantic democracy to take up its responsibilities and duties not only would undermine the effectiveness of the Atlantic alliance, the United Nations and other international organizations. It would fly in the face of the moral conclusions we have drawn from German history.

New Perspectives Quarterly

Slow Growth, Not Quick Expansion, for Europe's Security Structure

By Frederick Bonarr

BRUSSELS — Expansion eastward has preoccupied NATO since the end of the Cold War. But three years of debate has not been enough to solve the two conundrums: how to satisfy the security concerns of the countries formerly under Soviet domination without appearing to create a new barrier against Russia, and how to absorb new members without weakening the alliance.

The pressure is maintained by those countries and by powerful elements in the U.S. Congress and State Department. None of these parties appear to have fully understood the difficulties and costs of the operation, both to themselves and to the alliance.

From the Russian viewpoint, eastward NATO expansion is illogical. It can be understood only by assuming that Russia is a per-

manent threat to Europe, brooding on Europe's borders until it has amassed sufficient strength to dominate; if this scenario appears incredible, expansion is not justified. But it can only lead to the very eventuality that it is trying to prevent. Witnessing the massive growth of an organization formerly considered Russia's main threat, and from which it is excluded, Russia will adopt the feared brooding position.

Such considerations led to Foreign Minister Andrei Kozyrev's refusal last December to sign two previously accepted documents: Russia's individual partnership program, and the summary of conclusions for an extended dialogue with NATO.

Russian concerns have since

been addressed in increasingly intensive conversations between senior U.S. and Russian officials. They will be taken further by Secretary of State Warren Christopher and Mr. Kozyrev in Geneva later this month. This is the "parallel process" recently mentioned by Vice President Al Gore, intended to establish a more clearly defined and deeper relationship between Russia and NATO.

While firmly rejecting any Russian veto right over NATO membership for Central and East Europeans, the process would offer considerable automaticity in consultations, as well as assurances of full transparency of NATO decisions. It remains to be seen whether the pill is sweet enough to overcome Russian objections.

Meanwhile, the initial enthusiasm in NATO, strongly fostered by the late Secretary-General Manfred Wörner, is abating as realities begin to sink in.

NATO membership is not meant to be exclusive, but the alliance has taken in only four new members since its foundation in 1949, and at spaced intervals. Greece and Turkey joined in February 1952, Germany in May 1955 and Spain in May 1982. All of them satisfied sound political and strategic criteria.

The present candidates are far more numerous. Starting with the Czech Republic, Hungary, Poland and Slovakia, they include Bulgaria further south and the three Baltic states in the north. Albania and Slovenia are not far behind. Clearly, not all applicants could join simultaneously.

But even if only one were admitted initially, it would be hard to resist the pressure from the others for very long. NATO's 16 member countries thus have to examine the practicability of a North Atlantic Council of 20, then 22, 25, perhaps 27 members, in which the unanimous-decision principle means the ability of any one to block decisions by all others.

A study launched by the foreign ministers this past December will have to show how expansion would improve the security of the new members and also that of the alliance. It will list the costs of expansion for present as well as prospective members, and address the matter of redeployment of conventional and nuclear forces.

Considerable efforts would be asked of new members. Democratic control of the armed forces, transparency on defense budgets and plans, modernization of the armed forces and their harmonization with those of NATO would be prerequisites. They would be expected to fund their participation in common NATO infrastructure and other programs.

NATO members would have to envisage deploying forces and headquarters, as well as infrastructure assets such as air defenses, communications networks and pre-positioned stocks, on the new territories. Parliaments, including the U.S. Congress, would have to authorize considerable additional spending.

Yet in the absence of a threat in the foreseeable future, the immediate need of the Central and East European countries is not for a security guarantee. It is to establish new political and economic structures on a firm basis.

It is therefore far more important for them to concentrate on meeting the conditions for entering the European Union, with which significant advances have already been made. Together with closer European association will come firmer links with the Union's defense element, the Western European Union, which is linked to NATO. In the meantime, participation in NATO's Partnership for Peace program will enable these countries gradually to achieve the military conditions required for closer cooperation.

This means a slow growth process rather than a radical change in Europe's security structure. The security organization that will then come about will be different from today's groupings. But, unlike sudden NATO expansion, it will ensure effectiveness and credibility.

The writer is editor of NATO's *Sixteen Nations*, an independent military journal published in Brussels. He contributed this comment to the *International Herald Tribune*.

Chechens Want Negotiations and Peace With Russia

By Dzokhar Dudayev

The writer is president of the Chechen Republic.

OUTSIDE GROZNY, Chechnya — After an illustrious career as a Soviet air force general, I was elected president of Chechnya on Oct. 27, 1991, by a large margin from among six candidates in our first democratic elections. Elections were held for Parliament, a cabinet was put into place and a constitution was adopted based on U.S. principles.

The mandate handed to me by the National Chechen Congress, which met in Grozny in November 1990, was to negotiate Chechen sovereignty.

We were signed the March 1992 Federation Treaty, nor have we participated in the new Russian constitution or the Russian parliamentary elections of 1993. Now the Soviet Union does not exist, and we are ready for a new political agreement.

The Chechen government, under

my leadership, has always been willing to negotiate a mutually beneficial relationship with the Russian Federation based on international law. Yet we have found the Russians unwilling and obstructive.

I have been the target of seven assassination attempts. Five unsuccessful attempts at a military coup have been mounted against us. Moscow has unleashed a major disinformation campaign, falsely accusing us of being a criminal state and major center of mafia activities. Attempts by Russian and Chechen authorities to negotiate during this war have been consistently undermined by Russian military and security services.

Chechnya's tragedy is its location. In the 18th and 19th centuries we stood in the way of the czar's expansionist designs on Persia and India. Today the real issue is oil. Chechnya's proved reserves of oil and natural gas, as well as the pipeline between our country and the Black Sea, are critically important to Russia, the Middle East and the West. Everyone seems to jockey for control over the resources of the Caucasus.

Russia's recent energy deals with Iran, including Iran's new membership in the Azerbaijan international oil consortium, have already alarmed U.S. officials.

The lure and importance of the Chechen oil and pipeline have prompted Moscow to use brutal force, including needle and cluster bombs, to seize control of our

capital, Grozny, and the outlying areas. In doing so, 500,000 of our 1.2 million people have been made homeless. Thirty thousand innocent civilians have been killed, both Russian and Chechen.

To stop this terrible bloodshed, we call upon the leaders of the world's democracies, especially the United States and Germany, to intervene. We propose:

• A real cease-fire without preconditions, monitored by international observers.

• Creation of safe havens in nonoccupied territories where people can receive medical treatment and food directly from international humanitarian groups.

• Direct negotiations at any mutually agreed level between the legitimately elected Chechen government and representatives of Russia under the auspices of international mediators.

• The holding of presidential and parliamentary elections in 1995, under international supervision, as foreseen in our American-style constitution.

I would like to declare to the world: We are not secessionists. We are not demanding complete independence. We are not criminals. Nor did we start this war. We have worked hard to seek out peaceful economic and political relations with the Russian Federation, consistently meeting with members of the Russian government during the past three years.

We are a peaceful, ancient, ethnically and religiously diverse people who wish to resolve this crisis through negotiations before the cost becomes so great that democracy and reform will be lost forever in Russia and our own people will have been senselessly decimated.

The Washington Post

Marble Bust of Agnew in the Capitol

By William Safire

CHEVY CHASE, Maryland — I was trying to teach my puppy how to behave on a leash the other night. He is a Bernese mountain dog, 75 pounds (34 kilograms) at 6 months old. He yanked loose to run up a neighbor's driveway, where he stopped to sniff out a small brick structure on the way to the garage.

I caught him and coaxed and dragged him back into the residential street. Then it struck me: the tempting brick outpost was once a Secret Service station, built there to protect Vice President Spiro T. Agnew when he lived in that house on Shadow Road. (That was a long generation ago, before vice presidents lived in a public mansion behind electric fences.)

Next day, the memory of Richard Nixon's first vice president — once "Spiro Our Hero" to conservatives, and a black-hatted villain to ideological opponents he gleefully lashed as "radicals" — intruded itself on my thoughts again.

The new Republican governor of Maryland, Parris Glendening, took the controversial step of hanging Mr. Agnew's portrait in the State House along with previous governors, something that the last two Democrats refused to do. The Frederick Post, in a very editorial, approved: "There will always be a special place in the hearts or minds of Marylanders for Mr. Agnew and the kind of attention he brought the state."

That ootony was not limited to his reputation as a moderate Republican governor who switched his political support from Nelson Rockefeller to Mr. Nixon and was rewarded

with a place on the 1968 ticket.

Nor was it solely because of the way he was then ridiculed on the campaign trail. Mr. Agnew later slammed back at the media with the most memorable television address given by a vice president — the exhortation of "instant analysis," written by Pat Buchanan — which has been the source of journalistic soul-searching and self-flagellation ever since.

The noteworthiness, or infamy, he brought to his state and to conservatism was rooted in the charge that he was a common crook. He did not contest the accusation that he took envelopes of cash, and the prosecutors gave him his freedom in exchange for his resignation.

Having escaped being hanged, he is now being hung. Not only that, but I am informed (over put the story in the lead) that a marble bust of his handsome Grecian features is finally ready for unveiling in the Capitol's statutory hall — that gloomy, sepulchral passage where the busts of all previous presidents of the Senate are preserved for posterity.

Is Ted Agnew entitled to a small, dignified, rancor-free ceremony next month as he joins the row of enmarbled immortals? Senator Ted Stevens, Republican of Alaska, chairman of Rules and Administration, has the duty of carrying out this tradition.

Nobody was angrier at Spiro Agnew than me. The ideas in the speeches I wrote for him — about elitism, permissiveness,

the drug culture — were discredited for a time by his disgrace. And all utterances ached.

His bitterness at witnesses who turned him in (mainly Jewish), along with Arab business dealings, earned him a blast from the far anti-Semitic, although this was not exhibited before or since his trial.

He became anti-Nietzsche as well, refusing to return eight of the former president's phone calls over the years.

That was then. He has since made an honest living brokering deals in the Far East. He showed up at Mr. Nixon's funeral and comported himself with quiet dignity. And he did not escape the punishment of destiny denied: Had he not been on the take, he would have taken the presidential oath after Mr. Nixon's resignation.

That is why I would attend the statue's unveiling, if invited. His rise and fall were instructive because his two-timing was out of joint. Never take money in envelopes while in office; that's graft, a crime compounded by hypocrisy when accompanied by frequent ethical exhortations. Instead, take the money, by check, with taxes withheld, for books after leaving office, or, if you are impatient at least not in advance of publication. It enriches historical understanding as it fattens your wallet.

That is for aspiring politicians to learn, as they peer down the long row of forgotten faces at the bust of Spiro Agnew, and for a forgiving-but-not-forgetting pundit to remember, as he wrestles his huge puppy past the house on Shadow Road.

The New York Times

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1895: Cushioned Cats

LONDON — An interesting Cat Show was opened at St. Stephen's Hall, Westminster, yesterday [March 14]. There were nearly six hundred entries. Every attention appears to have been bestowed upon the comfort of the animals by the management, whose solicitude has been supplemented by the owners providing soft delicate cushions and setting off the temporary homes of their pets by pretty curtains fringed with lace.

1920: Coup in Berlin

BERLIN — As the result of a Pan-German plot, having for its aim the installation of Hindenburg as President of the German Empire, the Ebert-Noske Government was overthrown early this morning [March 13] and the German capital is occupied by troops commanded by Generals

Erhardt and Lowenfeld. The bloodless coup d'Etat was accomplished shortly before daybreak, and during the morning proclamations were posted in prominent places announcing the formation of a new government, in which partisans of the Extreme Right are entrusted with the highest offices.

1945: Osaka Torched

GUAM — American Super-Fortresses bent upon the destruction of Osaka's "hidden factories" applied the torch to Japan's second largest city this morning [March 14]. The city's most inflammable and congested area was the target for the third mass low-level incendiary attack by B29s on Japanese cities within five days. Two thousand tons of bombs were dropped on an area twice the size of that hit at Nagoya, and comparable to the ten square miles blasted in Tokyo.

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OPINION/LETTERS

Making Sense of the Heroic Futility

By Robert Stone

KEY WEST, Florida — On the night of Jan. 31, 1968, a young Vietnamese peasant named Nguyen Van San sat with about 20 companions in a garage not far from the center of Saigon. It was the first night after Tet, the lunar new year. Although Communist attacks the night before had caused the official annual Tet cease-fire to be canceled, the city was full of visitors celebrating the holiday.

Like the rest, San and his friends had come to town by bus or on foot carrying holiday packages. But they

What would it be like to walk around the former Saigon today with one of the American soldiers or one of the Vietnamese who died fighting there?

were not in Saigon to celebrate. They were members of Sapper Battalion C-10 of the Vietnam, and their packages were weapons.

San had grown up illiterate in Cu Chi Province, just outside the capital. In the National Liberation Front he had learned to read and write, and had been instructed in the front's version of exalted patriotism. As a special honor, he was invited to join the Communist Party. And now he had been singled out again. The men and women of Sapper Battalion C-10 were going to attack the United States Embassy.

Around 2:45 A.M., their little convoy set out. It consisted of two vehicles: an old Peugeot van and a taxi of the same make, both familiar vehicles on Saigon streets.

The embassy was a fortress, a \$2.5 million complex that fairly dominated downtown Saigon. Its key buildings featured shatterproof Plexiglass, and the compound was surrounded by an 8-foot (2.4 meter) wall.

Shortly before 3 A.M., the guerrillas in the taxi opened fire on the military police post at the main entrance. The MPs returned fire and slammed shut and padlocked the steel gate. The Vietcong in the van, which stopped around the corner, breached the wall with an anti-tank explosive.

In seconds a commando squad of about two dozen was pouring through it. The two military policemen turned to face them. The first American to die was Specialist 4 Charles Daniel of Durham, North Carolina. He and his partner, Private William Sebast of Albany, New York, fell defending their positions.

Vietnamese communism was not going to threaten Durham, North Carolina, as the men who recited young Daniel doubtless assured him

and their refusal to yield or withdraw probably spoiled the attack.

U.S. reinforcements soon arrived, and the battle for the embassy grounds went on through the night. By around 9 A.M., all of the attackers had been killed or captured. The American dead consisted of the two MPs and one marine.

Up until that point in the war, nearly 20,000 Americans had died along with hundreds of thousands of Vietnamese. More than 88,000 Americans and an estimated 4 million Vietnamese, soldiers and civilians, would die before it was over.

Early on Jan. 31, 1968, there was fierce fighting in Saigon and all over Vietnam. But the attack on the embassy, in its quixotic effort, was perhaps the engagement that most fascinated the world.

In January this year I spent a few days in Saigon, which is now called Ho Chi Minh City. It was coming up on Tet and everyone was buying presents. People were carrying little potted tangerine trees and sprigged flowers, and visitors from the north were carrying peach blossoms and blossoms, which don't grow in the southern part of the country.

The town was booming as never before. Foreign businessmen, including plenty of Americans, were everywhere. On the roof of the Rex, the hotel that once was the American bachelor officers' quarters, tourists and local plutocrats were dining on frogs' legs. The old gourmet restaurants are gone, but new ones seem to be opening every day.

On what was the Rue Cathart before it was Tu Do Street, before it was Dong Khoi Street, antique porcelain and jewelry are for sale. Visitors can buy silk dresses, made to measure by shops whose employees will stitch through the night to have the garments ready in the morning.

A few old billboards enjoin Marxist morality — one condemns bootlegging — but the touts and the girls and the transvestites are all back in the same old places.

What would it be like to take a walk around town with Specialist 4 Daniel, Private Sebast and Nguyen Van San and his comrades of C-10 one of these lovely holiday evenings, 27 years after the attack that filled them? Would they guess who had won the war in which they died? Surely the Americans would have thought it was their side. And San might be amazed at the fruits of the Communists' victory.

Vietnamese communism was not going to threaten Durham, North Carolina, as the men who recited young Daniel doubtless assured him

it was. It was not even going to trouble Saigon all that long.

Nor was the earth about to rise on new foundations for San, although he might take some comfort in the new name for the GIs' old haunt, Tu Do Street. Dong Khoi, formerly Tu Do, means Spontaneous Uprising — presumably the one San and his friends waited all night in vain for in 1968.

Although the uprising never came, they changed the street name anyhow. That's how politicians are.

Today, many a deal is in the making. In Hanoi and Ho Chi Minh City, new factories will soon make Wisk liquid soap and Sunlight detergent for the Vietnamese kitchen. And before long there will be a new U.S. Embassy in Hanoi.

How ironic it all is. Perhaps such a squandering of young lives ought to be consigned to the realm of private grief, reflecting more shame than glory on the causes served.

Yet we find ourselves moved and inspired by the heroism of young people who do their duty, who serve with all the vigor of their youth, strength and courage. The political futility of their sacrifice gives it a poignancy that is somehow ennobling. Even the Hemingway of "A Farewell to Arms," professing revolution at the rhetoric of heroism, movingly employed it and became the high priest of martial virtue.

After a period of denial and ambiguity, the United States began erecting fitting monuments to the Americans who died in our futile war. Somehow we can't keep ourselves from honoring those who give their lives in the wars to which our shortsightedness and folly consign them. Yet we know that in every war lives are lost, meaninglessly, and that the cause behind their sacrifice is soon rendered irrelevant.

We have never succeeded in replacing proper conduct on the field of battle as the ultimate measure of courage and loyalty. We have not developed that "moral equivalent of war" that William James so wisely and impossibly called for.

Knowing not a whit more than the ancient Greeks, we console ourselves as they did in catharsis, in stoic acceptance and tragic ritual. Our celebration of death in battle is, from a certain perspective, utterly irrational. Yet it is our only means of imposing some degree of meaning on war's meaningless destruction, the only way we have of facing the eternal ironies of history.

The writer, whose novel about the Vietnam War, "Dog Soldiers," won a National Book Award in 1975, is author most recently of "Outerbridge Reach." He contributed this comment to The New York Times.

Signs of a Paris Spring, and None Too Soon

By John L. Phillips

PARIS — Signs of spring aren't as coy as they were a few days ago. They're turning into proclamations of the real thing. No stampede yet, no, but the trend is heartening. It doesn't matter that the winter past was benign: the heart aches, every time, for springtime.

In Angers, in the west, a couple

MEANWHILE

of weeks ago, I saw a few apple trees that just then, at that very hour, were budding into bud.

And now even trees in Paris — always, it seems, one of the last places to give in and just go ahead and blossom — are tentatively following suit.

In the air there is that certain mildness, that daffying halm, that lightly lifting scosation ricocheting around the instinct bin — nothing at all to do with brains or intelligence — which happily pro-

duces the oo-the-spot report: Spring's almost here.

Oh boy, and not a day too soon. Take today, one of those days when you try to harness the spring in your chest. Certainly a spring sky. Just take a gander. Quickening winds have flushed last night's raininess. The clouds, still crowding, are hanking on one another, nervous kids and knowing oldsters at some kind of wacky audition. Tough whites and bristly purple-grays, elbowing their ways toward a six-item checkout line only they can see.

Dark towers, looming and closing, but suddenly veering, bowing delfly from the waist to allow both stately passage and now-and-then quick glimpses of pale blue patches beyond. And small darters nipping at nothing whatsoever — nothing at all — but nearly delivering

the big bite almost every time.

The clouds are season ticket-holders, every one: Grand or plebeian, all seem to know their smooth or stumbling way, to know for a certainty that they do have places, even if it sometimes seems that more than one ticket's been printed for just about every seat up there.

It's open season on rounding up metaphors, or just simple similes, for Parisian clouds, a studiously overhunted bunch. In this minor enterprise I have the encouragement of my stepfather, a longtime pal and a literate man to whom I wrote one even windier March day that the clouds over Paris were "chasing each others' tails."

Frank said that image was O.K. by him because "it doesn't use the word 'scud'."

"According to every under-management Hemingway & Co. that comes along," he wrote, "Parisian clouds are forever scud-

ding. Good lord — scudding." Frank lives on the southern shore of Lake Ontario. Clouds come in attack waves at him all the time. He knows what scudding is and isn't, and he still teaches me what things are and aren't. So no, no, scudding here, thanks.

So to hell with noodling about gerunds, about scudding or romping or blustering. There'll be bigger fish to fry any day now: circuses of circus, stratus-seekers' heaven, summa cumulonimbus — real nonsense clouds right out or "The Real Mother Goose." Relax and wait, knowing they'll come. Doo! get so excited that the interim signs, the phony signs, fool you. The real sign still reads: PARIS IN THE SPRING. Send in the clouds.

This essay was found among the papers of the writer, an editor of the International Herald Tribune, after his death from cancer last July.

LETTERS TO THE EDITOR

A Stable Dollar for All

Rudiger Dornbusch's article "For the Dollar, No Bottom in Sight and Nothing to Do" (*Opinion*, March 10) may be based on economic realities, but it smacks of an open invitation to engage in speculation.

The honorable professor should bear in mind that the dollar's persistent woes are neither good for the U.S. economy nor helpful in establishing economic stability worldwide — the proclaimed goal of the Group of Seven industrialized countries.

Non-American citizens of the world should not be indirectly taxed by the reckless policies of Uncle Sam.

JAGDISH BHASKER,

Puteaux, France.

The Embargo on Bosnia

Regarding "If the Serbs Don't Sign the Plan, Lift the Arms Embargo on Bosnia" (*Opinion*, Feb. 23) by Haris Silajdzic:

In addition to Prime Minister Silajdzic's compelling reasons for exempting Bosnia from the unjust United Nations arms embargo, it must be understood that continued application of the embargo violates international law. It violates Bosnia's inherent right of sovereignty, territorial integrity and self-defense. Articles 2(4) and 51 of the UN Charter, which codify that right; the Unit-

ed Nations Convention on Genocide; the rights of Bosnia under subsequent Security Council resolutions providing for the defense of the "safe areas" of Bihać, Gorazde, Srebrenica, Tuzla, Zepa and Sarajevo; and two General Assembly resolutions calling for states to aid Bosnia in the exercise of its right to self-defense. States enforcing the arms embargo violate the principles of justice and international law.

PAUL R. WILLIAMS,

London.

Mr. Silajdzic speaks of his "firm commitment to a pluralistic and democratic society," yet he refers to Bosnia's second largest constituent group, the Serbs, as "aggressors," "occupiers" and "proxies." Mr. Silajdzic's message to the Bosnian Serbs is clear: "I want to drive you from your homeland."

His talk of a pluralistic state is a facade. His ruling Democratic Action Party was the first mono-ethnic party in Bosnia and it has its roots in pan-Islamic ideology. From the start, its goal has been to create a Muslim-ruled state.

Notwithstanding their participation "in every negotiating forum," the Bosnian Muslim leaders have consistently refused to meet face-to-face with the elected leaders of the Bosnian Serbs. In 1992, they rejected the negotiating table and chose war, expecting foreign military in-

tervention to help them achieve their objectives. Their position has not changed to this day.

GEORGE TINTOR,

London.

Separated and Unequal

Regarding "Jobs Alone Don't Seem To Suffice" (*Opinion*, Feb. 25) by William Raspberry:

Mr. Raspberry fails to mention the primary cause of the increase in family separations: the incentive that U.S. welfare programs give to low-income mothers and fathers not to raise their children together.

The higher rates of violence and lower scholastic achievement among children of separated families are well documented. The advantages of two-parent families are profound. The many small but important jobs for which two-parent families have time, such as helping children with homework or explaining life's difficulties, show clearly that children with two parents enjoy a better quality of life.

Mr. Raspberry also asserts that our modern family organization is primordial. But a look at the polygamous, matrilineal and extended families described in anthropology textbooks shows that what is primordial in all these family organizations is the need for more than one person to give love to a child.

Mr. Raspberry seems to assume that fathers are no longer interested

in their children, nor mothers in fathers. He has been reading too much science fiction.

MICHAEL BAKER,

Oslo.

Prince Moulay Hisham

My article "Islamic Extremism Is Organized, Experienced and Quite Resistible" (*IHT Opinion*, Feb. 4) misidentified Prince Moulay Hisham of Morocco. He is a son not of King Hassan II but of the king's late brother Moulay Abdallah. My apologies to readers, and my thanks to former Ambassador Richard Parker, of the Middle East Institute in Washington, who called the mistake to my attention.

In the same article, an editing error altered the name of the secret Islamist organization which split off from the Muslim Brotherhood and was banned in most Arab states. It is the Islamic Liberation Party, not the Islamic Liberation Front.

JOHN K. COOLEY,

Nicosia.

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Our commitment
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INTERNATIONAL

Afghan Shiite Force's Chief Dies, But Fighters Disagree on How

Compiled by Our Staff From Dispatches
KABUL — The leader of Afghanistan's opposition Shiite Islamic Coalition Council was killed Monday after being captured by the Taliban student militia, rival government and Taliban officials said.

There was disagreement over how the council leader, Abdul Ali Mazari, died. A Taliban spokesman in Pakistan said Mr. Mazari died in a struggle with his guards aboard a helicopter. But Afghan government officials, speaking on condition of

anonymity, said he died in a helicopter crash while his captors were transporting him from their base at Charasyab, 30 kilometers (18 miles) south of Kabul.

Government commanders monitoring Taliban communications said Mr. Mazari and the 14 other people on board the helicopter had died.

But in Peshawar, Pakistan, a Taliban spokesman said Mr. Mazari was killed in a gun battle with Taliban guards.

The spokesman, Mohammed

Massom Afghani, said the fight occurred while Mr. Mazari was being flown from Charasyab to Kandahar in southern Afghanistan.

According to Mr. Afghani, the fighting on the aircraft broke out when Mr. Mazari snatched a rifle from a Taliban guard. Mr. Mazari opened fire, killing six Taliban guards, before being gunned down by the others, Mr. Afghani said, adding that the helicopter was able to reach Kandahar.

Mr. Mazari was earlier reported to have been captured by Taliban members in Kabul. A Western journalist said he had photographed Mr. Mazari at Charasyab on Saturday. Mr. Mazari was a leading figure in the rebellion against the Soviet-backed Communist government in Kabul. His group, the Islamic Coalition Council, was created by eight Afghan Shiite factions after Soviet troops withdrew in 1989.

In the factional fighting that has raged since the Soviets left, the Taliban force is a relative newcomer. The force, made up of Muslim students, has made spectacular gains, and now controls nine provinces.

On Sunday, however, it was forced out of Kabul in its first defeat, and Afghan government forces moved on a Taliban stronghold Monday.

The latest confrontations were at Rishkor, not far from Charasyab, the next probable target of President Burhanuddin Rabbani's forces.

(AFP, Reuters)

Ex-Leader Of Mexico Surfaces in New York

Compiled by Our Staff From Dispatches

MEXICO CITY — In apparent response to reports that he had left Mexico for virtual exile in the United States, former President Carlos Salinas de Gortari announced in a statement published here Monday that he was in New York and planned to travel to other countries for business reasons.

The statement was issued shortly after a White House spokesman said Mr. Salinas's whereabouts were unknown, and marked the first direct confirmation of media reports stating that he was in the United States.

Mr. Salinas, 46, said he had "engagements with various international institutions," and noted that since leaving office in December he had traveled frequently in connection with his responsibilities to several international bodies.

In the statement, Mr. Salinas said he was "currently in New York and from there will travel to various countries in response to other invitations."

The White House spokesman, Michael McCurry, said there had been no request for political asylum for Mr. Salinas.

(AFP, Reuters)

Simpson Lawyer Vows to Prove Frame-Up

Reuters

LOS ANGELES — The trial lawyer F. Lee Bailey began his cross-examination of a key detective in the O. J. Simpson trial on Monday after telling the judge he would prove that the officer had framed Mr. Simpson by planting a bloody glove on his estate.

Mr. Bailey said that Mr. Simpson's lawyers had far more evidence against Mark Fuhrman to prove the detective's guilt in framing Mr. Simpson than the prosecution had to prove Mr. Simpson's guilt in the murders of his ex-wife and her friend.

Mr. Bailey, in seeking to broaden the scope of his cross-examination, contended before Judge Lance A. Ito that Mr.

Fuhrman had "carried that glove from Bundy, where he found it, to Rockingham, where he deposited it, and that's what we intend to show by circumstantial evidence far stronger than the people will ever offer against O. J. Simpson on the murders."

Nicole Brown Simpson and her friend Ronald L. Goldman were stabbed and slashed to death outside Mrs. Simpson's condominium on Bundy Drive. Mr. Simpson's estate is on Rockingham Avenue, 2 miles (3 kilometers) away.

Mr. Simpson has pleaded not guilty in the murders. Mr. Simpson is black. Mr. Fuhrman is white.

Mr. Bailey wanted to be able to use statements made by Mr.

Fuhrman to police psychiatrists in 1983 when he applied for stress disability.

In those statements, Mr. Fuhrman allegedly spoke of his hatred of blacks and Hispanics, said he had beaten up suspects and had become a "wild man" while battling street gangs in inner-city neighborhoods.

"If motive and opportunity are the means that the people use to prove the guilt of the defendant, which they say they can do, that is a fair method to prove the innocence of the defendant by showing that he was framed," Mr. Bailey said.

He suggested that Mr. Fuhrman had planted the glove because he was being kicked off "the biggest murder case in the history of this state" and wanted to keep himself on it by becoming an indispensable witness.

The attorney said the records showed that psychiatrists had concluded in 1983 that Mr. Fuhrman's feelings about race were incurable and that there was no way he could continue to be an effective police officer.

Mr. Bailey said he wanted to question Mr. Fuhrman on that point because he wanted to know if Mr. Fuhrman had been "cured" of his racial bias. But Judge Ito denied the defense motion to go into Mr. Fuhrman's 1983 records.

According to a defense witness, Kathleen Bell, Mr. Fuhrman told her in 1983 that he hated blacks and, in particular, black men who associated with white women. Nicole Simpson was white.

Earlier, under questioning by the prosecutor, Marcia Clark, Mr. Fuhrman told how he had found the bloody glove on a narrow path at the rear of Mr. Simpson's estate.

He said that he and three other detectives had gone to the estate on the morning of June 13, 1994, the day after the murders.

Mr. Fuhrman said he talked with Mr. Simpson's house guest, Brian (Kato) Kaelin, who told him he had heard a thump on the outside wall of his room at about 10:45 P.M. the previous night. Later, Mr. Fuhrman said, he walked along a dark, narrow walkway at the back of the estate to see what might have caused the thump.

Mr. Fuhrman said that as he approached Mr. Kaelin's wall, he saw a dark object by the glow of his flashlight.

"It appeared a dark leather glove," he said. "It appeared to be somewhat moist or sticky."

Islanders Fear Eruption Of Volcano in Vanuatu

Agence France Press

NABANGAHAKE, Vanuatu — Frightened islanders of Ambae, fearing the eruption of a volcano, are slaughtering their livestock and eating their food reserves, a village chief said Monday.

Some of the 11,000 islanders have been warned that they may soon be evacuated because of the "serious potential risk" from the Ambae volcano, which began spewing clouds of thick smoke and ash on March 3.

The islanders have begun to eat heartily, said Noel Tah, a chief in Nabangahake, a village that is within a 10-kilometer (6-mile) radius of the volcano.

About 3,000 people within the circle will be evacuated if the risk increases, the National Disaster Management Office said last week.

"The people think they're going to move quickly from their homes, because of what they hear on the radio, so they're killing their cows, pigs and digging up their taro roots," Mr. Tah said.

The island is the upper part of the archipelago's highest active volcano.

BOOKS

THE RIVALS: William Gwin, David Broderick and the Birth of California

By Arthur Quinn. 320 pages. \$25. Crown.

Reviewed by Greg Mitchell

ONE of America's most famous duels took place on Sept. 13, 1859, just outside San Francisco. It ended with the fatal wounding of a U.S. senator, David Broderick. The man who fired the shot was a state supreme court justice named David Terry, who came to be known as "the dueling judge." Broderick had questioned Terry's character, and he paid with his life. Hatred and jealousy had been building in Gold Rush California for a decade, culminating in the Broderick-Terry duel, which provides the climax for Arthur Quinn's new book, "The Rivals."

Broderick's true rival, as Quinn makes clear in often vivid prose, was not David Terry, but William K. Gwin, his fellow U.S. senator. Broderick and Gwin were both Democrats, but they came from different social classes. One was a refined gentleman, the other an angry brute. "This is the story of two men — of how they achieved great power and how through their implacable rivalry they destroyed each other," observes Quinn, who is also the author of a history of colonial America.

Quinn begins his saga with Gwin's arrival in San Francisco in 1849. Gwin was a physician and attorney, a former U.S. congressman, a plantation owner from Mississippi with an attractive wife who loved to throw parties. "He had come west for one thing," Quinn declares, "and one thing only. That was power." Gwin aimed to attend the state's constitutional convention and dominate it and thereby win election to the U.S. Senate when California gained statehood. In-

credibly, it all came to pass, just like that.

Broderick did not have it so easy; he never had. Some would later refer to him as the first man of "humble origins" to reach the U.S. Senate. His father was an Irish immigrant stonemason who helped build the Capitol in Washington. Broderick learned his style of brass-knuckle politics — this was meant literally then — in New York's Tammany Hall. Finding his path to public office blocked by class prejudice, he set off for California, also in 1849. Soon he had established a Tammany-like organization in San Francisco and set his sights on a Senate seat, which inevitably brought him into conflict with Gwin.

Despite belonging to the same party, they represented entirely different interests: "the Chivalry" (Gwin) versus "the shovelry" (Broderick). The Chivalry wing was dominated by well-to-do, recent arrivals from the South, who "deeply distrusted the people," supported slavery and possibly even secession. Broderick's working-class constituents opposed slavery and were fiercely pro-Union. The two factions never united, even though each had to contend, first, with the rise of the nativist Know Nothing party, and then the infamous vigilante committees, which terrorized San Francisco (helped by a few public hangings). When the two leaders finally banded to-

gether in 1856, it was not to pass a meaningful statute or save the state from anarchy, but rather to break a deadlock and guarantee that Gwin would be returned to the U.S. Senate — and that Broderick would win election to that chamber at last.

But once he got to Washington, the crude Broderick found that he was still the outsider and Gwin the established favorite of President James Buchanan. Broderick became a bitter, broken man. He insulted Judge Terry, who shot him dead in their tragic duel (he was just 39 at the time). Gwin was blamed for the "assassination" of Broderick, but an even larger issue intervened, the outbreak of the Civil War, and soon he fled the country.

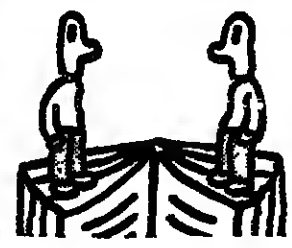
This is merely the bare bones of this fascinating story and omits the many interesting characters and milieus. Quinn evokes John C. Fremont and the founding of the state, the social environment of Gold Rush San Francisco, vigilantes and crusading newspaper editors, William Tecumseh Sherman (then a cynical San Francisco banker), the origins of the transcontinental railroad, Stephen Douglas and the slavery fight in the Senate.

Greg Mitchell, the author of "The Campaign of the Century: Upton Sinclair's Race for Governor of California and the Birth of Media Politics," wrote this for The Washington Post.

WHAT THEY'RE READING

• Angel Luis Jaime y Baró, chairman of the Rioja wine regulatory board, is reading "Breve Historia de España" by Fernando García de Cortázar and José Manuel González Vesga.

"I was interested in a different focus on the history of my nation to better understand the circumstances that led from a mixture of different peoples to our current state of semi-autonomous regions." (Al Goodman, IHT)



CHESS

By Robert Byrne

YASSER SEIRAWAN beat Loek Van Wely in the traditional Hoogoven International Tournament.

The system of letting a huddling Queen's Indian Defense drift into a Nimzoindian Defense with 4 Nc3 Bb4 has been preferred by Seirawan when he has White.

In a game against Seirawan in Buenos Aires two years ago, Pablo Zarnecki tried to pressure the white center with 6...Nc6 and was smashed after 7 a3 Bb5 8 O-O-O Bc3 9 d5 Bc5 10 d6 Qc7 11 g3 Bb6 12 Bg2 d6 13 Rd1 Qd6 14 Rd1 Qc7 15 Bf4 Qb7 16 Ne5 Bd7 17 Rd7 Nd7 18 Bc6 Qa6 19 Nd7.

But now, with Seirawan playing Black, he comes up with a vital improvement: 6...Bb7!?, so that after 7 a3 Bb5!?, the aggressive 8 O-O-O would be dubious because 8...Bc3 9 bc Nc6 10 d5 Na5 11 Qa2 Qc7 sticks White with doubled c pawns.

Van Wely gobbled a pawn with 9 ch? and after 9...Nc5 10 Qc2 Be4! 11 Qd1 Bc3 12 bc Qb6, Seirawan had excellent positional compensation.



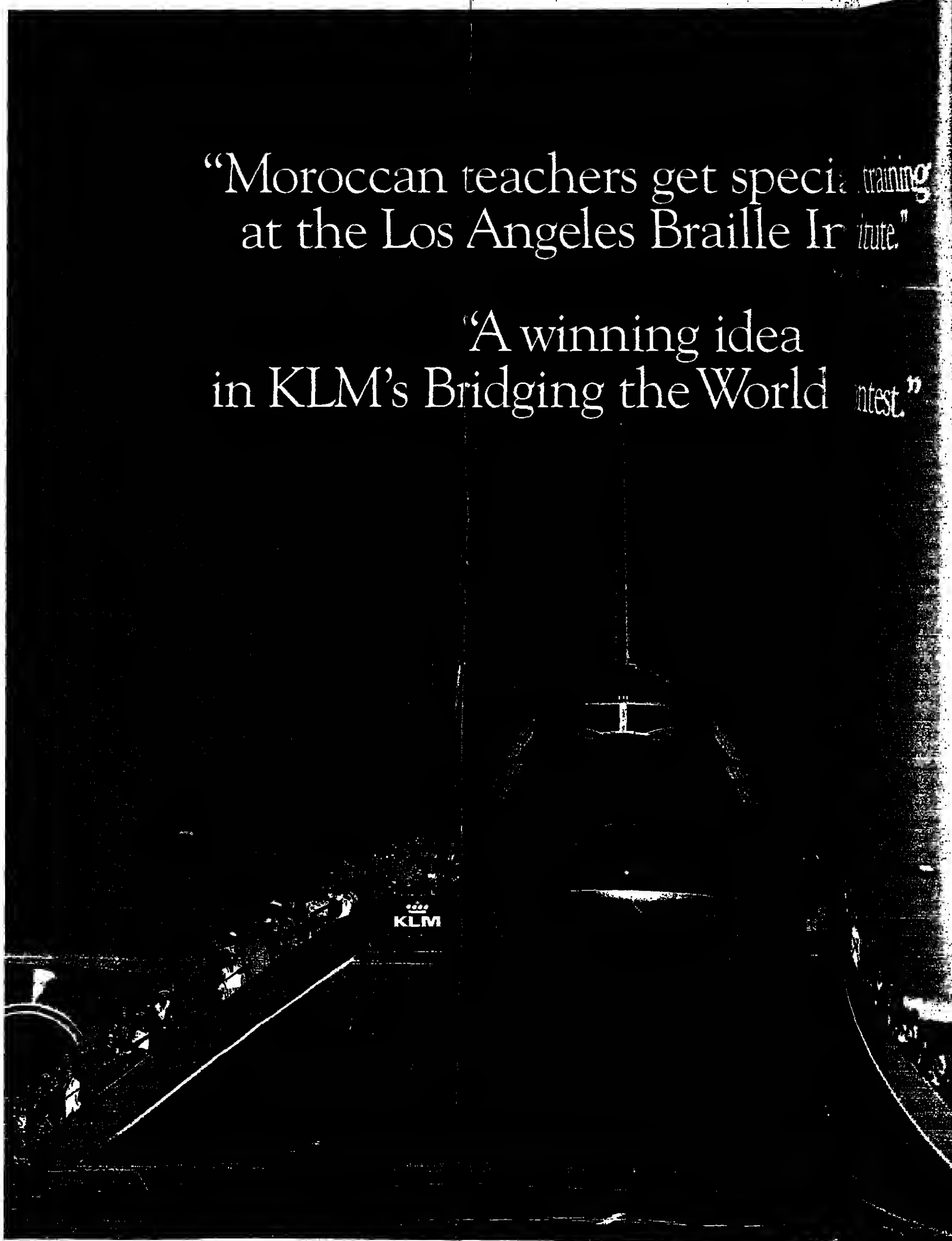
Position after 16 Rd1

15...Qb2 16 Rd1 Nb3! 17 Qc4 Qc3 18 Nd2 Nd2 19 Rd2 Qd1 20 Rd1 Qc2 21 Rd2 Qc1 22 Rd1 Qd1! 23 Kd1 Nf2 24 Kc2 Ne4. Thus, after 25 Bf8 (25 Bg2? loses even more material to 25...Rf8 26 Be4 d5! 27 cd ed 28 Bd5 Rac8 29 Kd3 Re7) Rf8, Seirawan had won a decisive pawn and kept solid positional advantage.

After 44...Ne4, Van Wely gave up rather than waste his time on 45 Kb4 h3 46 Bd1 Nd2 followed by the promotion of the h pawn.

NIMZOINDIAN DEFENSE			
White	Black	White	Black
Van Wely	Seirawan	Van Wely	Seirawan
1 d4	Nf6	23 Kd1	Nf2
2 c4	e5	24 Kc2	Ne4
3 Nc3	g4	25 Bf8	Rf8
4 Bg2	Qc7	26 Be4	d5
5 Qd3	cs	27 cd ed	28
6 Bg2	Bb7	29 Kd3	Re7
7 d5	Bb5	30 Kc2	Ne4
8 O-O-O	Na5	31 Bg2	Rf8
9 d6	Nc6	32 Bf1	Qd6
10 Qc2	Bc3	33 Bc3	Sec
11 Qd1	Qc6	34 a5	Ra6
12 bc	Qb6	35 f3	Qd6
13 Rd1	Qc7	36 a6	Rb8
14 Qd4	O-O	37 Kc3	Bb5
15 Bf4	Qb2	38 Kd1	Bc3
16 Rd1	Nb3!	39 Kc2	Nf2
17 Qc4	Qc3	40 Bg2	Rf8
18 Nd2	Nd2	41 Bf1	Qd6
19 Rd2	Qc1	42 Bc3	Ne4
20 Rd1	Qc2	43 Bg2	Rf8
21 Rd2	Qc1	44 Ne4	Qd6
22 Rd1	Qd1	45 Kc2	Ne4

So the Dutchman tried 15 Be7, but Seirawan hit him with another killing combination:



INTERNATIONAL

Ex-Leader Is Seized In Nigeria Coup Plot

LAGOS — General Olusegun Obasanjo, the only Nigerian military ruler to have voluntarily handed over power to elected civilians, was arrested Monday, his aide said.

"General Obasanjo was picked up this morning by security men," said his personal assistant, Ayo Aderewale.

The arrest followed allegations of a coup conspiracy that the military government of General Sani Abacha said had been masterminded by civilians and officers.

Asked if the arrest of General Obasanjo was in connection with the alleged plot, Mr. Aderewale replied: "They say the arrest is political."

He said General Obasanjo's passport was seized Sunday night by security men when he

arrived home from a trip that took him to Britain and Denmark.

On Friday, the chief of the defense staff, Major General Abdulsalam Abubakar, said at a news conference that 29 people had been arrested in connection with a plot to topple General Abacha's government on March 1.

Last Thursday, a retired general, Shehu Musa Yar'Adua, General Obasanjo's deputy in the military government that ruled Nigeria from 1976 until it restored democracy in 1979, was arrested in Abuja.

General Yar'Adua is a member of a government-organized constitutional conference, where he championed a motion that General Abacha should hand over power to elected civilians by next Jan. 1.

ARGENTINA: Navy Officer Opens a Chilling Window Onto a Nation's Vicious War Against Its Own

Continued from Page 1

repent because I am convinced that I was acting under orders and that we were fighting a war."

Mr. Scilingo's disclosure has reopened a bitter debate here over the dirty war, in which more than 4,000 people were killed and 10,000 others disappeared from 1976 to 1983, according to an official government inquiry.

Mr. Scilingo said he was telling his story because of what he called the navy's indifference to the plight of the rank and file who carried out the orders to torture and kill prisoners. He said he was so tormented by the memory of his two death flights that he could not sleep at night without taking sleeping pills or drinking heavily.

"I'm not confessing to clear my conscience," he said. "I'm talking because I feel like the navy has abandoned us, left us to the wolves, the very ones who were loyal and followed orders."

He said that after his first flight, in

which he slipped and almost fell through the portal from which he was throwing people, he became so distraught that he confessed his actions to a military priest, who absolved him, saying the killings "had to be done to separate the wheat from the chaff."

"There were men and women, and I had no idea who they were or what they had done," Mr. Scilingo said in the interview. "I was following orders. I did not get too close to the prisoners, and they had no idea what was going to happen to them."

But he said he had a slight change of heart during the first mission, after a noncommissioned officer, who had not been informed of what the mission entailed, began to express reservations about dumping people into the ocean.

"I reached over to try to comfort him, and I slipped and nearly fell through the door," Mr. Scilingo said. "That's when it first hit me exactly what we were doing. We were killing human beings. But still we continued."

Asked to describe the second mission, in which he said he dumped 17 people into the ocean, Mr. Scilingo said he could no longer discuss the details because he was about to break down.

"I have spent many nights sleeping in the plazas of Buenos Aires with a bottle of wine, trying to forget," he said. "I have ruined my life."

He said senior military officers had told participants in the flights that the church hierarchy sanctioned the missions as "a Christian form of death."

Outrage over Mr. Scilingo's disclosures was so strong here that the Roman Catholic Church, which in the past has been reluctant to talk about the dirty war, publicly denounced the torture and killings.

Speaking on the behalf of Catholic bishops, Bishop Emilio Bianehi di Carcano said no Christian could condone the killings committed by Argentina's former military rulers. He denied that the church had ever been consulted about the death flights.

Bishop Bianehi di Carcano said that the bishops had written to the military asking for information about the fate of political prisoners, but that the generals had never offered a clear reply.

President Carlos Saul Menem, who granted broad pardons to military officers and others accused of human rights abuses during the period, called Mr. Scilingo a "criminal" and ordered the navy to strip the former officer of his rank because of a conviction for fraud in a car-theft case in 1991.

Speaking to reporters, Mr. Menem, a former dissident who was imprisoned for five years by the military, defended his decision to issue the pardons, saying it was necessary for the country to move forward and to stop the military discontent that led to three barracks uprisings in the 1980s and in 1990.

But human rights groups and families of victims criticized the president, saying that for political reasons he was belittling the first detailed confirmation of what had long been

charged: that the military had disposed of victims at sea and that the Catholic church had sanctioned its actions.

The Mothers of the Plaza de Mayo, which represents the families of victims, held a large protest in central Buenos Aires on Thursday and demanded that the church "end its silence on what it knows about the dirty war" and that it release a list of priests who cooperated with the military.

"The military first threw our children into the river alive, their feet trapped inside a bucket of cement," said Héctor Bonafini, the group's director. "But the corpses began to wash ashore, so they decided to start dumping them in the open ocean. The church knew exactly what was going on and did nothing to stop it."

Captain Hector Cesari, a spokesman for the navy, said no interviews would be given about Mr. Scilingo because he was no longer associated with the military after being stripped of his rank.

FISH: EU Breaks Contacts With Canada Over Seizure

Continued from Page 1

cod fishing in the northwest Atlantic, each side has blamed the other for overfishing.

The Union's decision to suspend formal contacts was made at a meeting of the permanent representatives of the 15 EU member states in Brussels.

"We cannot allow the Canadian government to take the law into its own hands," said Dietrich von Kyaw, Germany's representative to the Union.

But Britain's fisheries minister indicated that his country did not agree with the Union's decision. The Associated Press reported from London.

"We would all have some sympathy with the emotions that stir in the breasts of those Canadians who seek to defend what they deem as their legitimate interests as far as fishing is concerned," the minister, Michael Jack, told Parliament.

The immediate effect of the EU decision was to cancel a two-day meeting of senior Foreign Ministry officials from Canada, France, Germany and Spain, which was begun in Paris on Tuesday, Canada described the move as "counterproductive."

Both the Union and Canada have endorsed a 1994 decision by the intergovernmental

Northwest Atlantic Fisheries Organization to limit the total Greenland halibut catch to 27,000 tons a year, but are divided over sharing the catch.

The Union, whose fleet caught more than 40,000 tons of halibut last year, has refused to recognize a quota of 3,400 tons set by the fisheries organization on Feb. 1.

Canadian officials in Brussels have suggested a compromise to raise the Union quota to more than 11,000 tons and increase monitoring of vessels in the region, but EU officials insisted they would make no agreement while the Spanish boat was being held.

ABM: Republicans Challenge 1972 Anti-Missile Pact

Continued from Page 1

Clinton believes the United States and the Russians must agree to certain new missile defense technologies — even if aimed at short-range missiles. The Senate majority leader, Bob Dole, Republican of Kansas, believes no negotiations are warranted.

"A lot of Republicans believe the ABM Treaty is a relic of the Cold War that is no longer in the interests of either the United States or Russia," said Senator John Kyl of Arizona. He has been designated by Mr. Dole to press the Republican case against the administration. "It

is not more moral to leave yourself open to attack than to be able to defend yourself."

Pentagon officials recently told Deputy Defense Minister Andrei Kokoshin of Russia that the two sides must come to an agreement soon because of the growing political pressure from Republicans.

"My worry is it risks the ABM Treaty," Deputy Defense Secretary John M. Deutch said in a recent interview.

Ambassador Yuri Vorontsov of Russia said Friday that concluding the ABM negotiations would be the No. 2 item on his country's agenda in a possible meeting this spring between

Mr. Clinton and President Boris N. Yeltsin.

But, Mr. Vorontsov warned that if Washington goes ahead with a robust missile defense program in the absence of an agreement, Russia would develop a matching system, with destabilizing consequences.

The Clinton administration believes the ABM Treaty is the linchpin to its arms control strategy.

Last week, the national security adviser, W. Anthony Lake, told Mr. Dole and 10 other Republican senators that without the security of an ABM Treaty, the Russians would abandon their program to destroy their strategic nuclear weapons as called for under the START-1 and START-2 treaties.

Mr. Dole called the meeting to press the Republicans' demand for a halt to the talks until they are satisfied with the U.S. negotiating posture.

The result was disagreement and the exchange of letters—in which Mr. Clinton pledged to continue the negotiations and Mr. Dole promised to head them off.

The cornerstone of U.S. security policy should not be a Cold War era treaty but a defense posture that responds to the threats of the 21st century," Mr. Dole wrote. "Such a defense posture must include effective missile defenses. Continued failure by your administration to take our deep concerns into account will force us to utilize all available legislative options."

MOMENT: Labor Party Reform

Continued from Page 1

ference to override the party leadership.

At a news conference, a beaming Mr. Blair insisted he was pleased by the tenor of the long debate and by its outcome.

"This is a defining moment in my party's history," he said. "I want the public to see the change we have made, to know it, to believe in it and to see more of the party that we have become."

Today's Labor Party, he said, was "a modern, progressive, left-of-center party facing a new century with clarity and conviction." He added: "We are the people's party. We should address the people's agenda. We should speak the people's language."

To the irritation of some union leaders, the new language does not contain a commitment to full employment, but instead speaks in general terms of upholding "the opportunity for all to work and prosper."

Gordon Brown, Labor's shadow chancellor of the Exchequer and Mr. Blair's close collaborator in the "modernizer" wing of the party, sought to allay the fears of union leaders over the weekend. Speaking at a meeting of Scottish Labor in Inverness, he pledged that once in power the party would use every instrument at its command to get people back to work.

Clause Four, 56 words written in 1918 by two socialist pioneers, Sidney and Beatrice Webb, is written on all party

membership cards. To some it is a central tenet in a literal and unshakable dogma, but to others it is largely symbolic, a touchstone of faith in the socially just world of a government-directed economy.

In 1959, following three electoral defeats, the party leader Hugh Gaitskell tried to scrap Clause Four, but was rebuffed. Since then, leaders ranging from Harold Wilson to Neil Kinnock and John Smith were reluctant to try. Mr. Wilson said it was like the Bible — valuable even if not to be taken literally.

The old version read: "To secure for the workers by hand or by brain the full fruits of their industry and the most equitable distribution thereof that may be possible upon the basis of the common ownership of the means of production, distribution and exchange..."

The new version speaks instead of creating "a community in which power, wealth and opportunity are in the hands of the many, not the few" and an economy in which "the enterprise of the market and the rigor of competition are joined with the forces of partnership and cooperation."

Italy Leader to Visit Turkey

Rome — President Oscar Luigi Scalfaro of Italy will make a three-day state visit to Turkey beginning next Monday, his office announced.

FED: Central Bankers Are Reluctant to Raise Rates

Continued from Page 1

Greenspan's congressional testimony, Federal Reserve officials should not "ignore what we think is going on in the economy and continue to indicate we're on a path of tightening simply because some external factor is soft," he said.

Federal Reserve officials are reluctant to respond to short-term problems like the dollar, in part because interest rate changes can take nine months or more to affect the economy. Federal Reserve officials make policy changes based on their forecasts of the economy's future health.

"I think that we all recognize that monetary policy acts with a lag, and we have to build some of that into our thinking," said Susan M. Phillips, another Federal Reserve Board governor. "Recognizing that we've got these lags, I think there's still a sense that there are more of these effects in the pipeline"

from interest rate increases over the last year.

To be sure, the Federal Reserve's calculations could change in a hurry should there be an unexpected shift in the economy's fortunes or a plunge in financial markets. Janet L. Yellen, another Federal Reserve governor, was particularly cautious.

"We've seen some signs of a moderation of growth, but it's too soon to make a call on what's happening and the employment reports remain confusing," she said.

The bond and stock markets interpreted Friday's report of falling unemployment by concentrating on underlying signs of an economic slowdown and then rallying strongly.

Federal Reserve officials also said they looked at the details of the Friday's unemployment report and found few signs in them of inflation pressures.

The central bank's reluctance

to continue raising interest rates is proving difficult for Federal Reserve officials to explain to financial markets and politicians alike.

The Federal Reserve raised rates repeatedly last year even as inflation was falling. That angered Main Street but delighted inflation-wary investors on Wall Street.

Now Federal Reserve officials are inclined to hold rates steady, and perhaps reduce them eventually, even as inflation may rise this spring. That may not please Wall Street but is also unlikely to mollify Main Street businesses, like car manufacturers who are continuing to lose sales because of rising interest rates on car loans.

The seven governors decide interest-rate policy together with the president's five of the 12 Federal Reserve regional banks. They meet eight times a year; the next meeting is scheduled for March 28.

MAYOR: Baltic Port City Is Hunting for Leadership

Continued from Page 1

the East. The leader of the Christian Social Union, Edmund Stoiber, asserted recently that the scale of aid being sent eastward was creating "enormous anger" in the West.

"Unfortunately," Mr. Stoiber said, "people in the East seem only half-aware that these massive transfers are being made through sacrifices and additional burdens borne by taxpayers in the West."

In a few Eastern cities, like Dresden, Leipzig, and Potsdam, the largesse has done its job and can probably be reduced without disastrous results. But in most of East Germany, cuts may be devastating.

Rostock's next mayor will have a seven-year term, and the challenges are so great that a national advertising campaign was deemed necessary to find someone willing to face them.

When the application period ended in late February, 31 people had expressed interest. Most were Westerners.

Rostock is hardly the only community in East Germany that fears for its economic future.

Weimar, once home to Goethe, Schiller, and Nietzsche, is in virtual bankruptcy. City officials there have been forced to accept a controller from West Germany, without whose approval they cannot spend a cent. He has proved so parsimonious that his services have also been engaged by two other nearby towns, Meissen and Olfenbach, which are also in financial collapse.

Even Berlin, which before reunification had lived off enormous federal subsidies that are now being slashed, is threatened with what one city councilor recently called "financial catastrophe." But there are reasonable grounds for optimism if only the Easterners can adjust to their new circumstances.

The European Union has chosen Weimar to be the "cultural capital of Europe" in 1999, giving it a chance to stage lucrative public events. Berlin remains one of the most vibrant cities, although its debt burden in 1998 will be three times what it was in 1991. And Rostock is beginning to realize its potential as a hub of Baltic trade and tourism.

Rostock's shopping district, a handsome row of 18th-century

buildings, is being spruced up for the city's 777th anniversary this year. The university, which was founded in 1419, is attracting students from across Germany. Ferry service now connects the city to Denmark, Sweden, Finland, Lithuania and Latvia. Hotels are being built along the pristine beaches outside of town, and local shipyards have landed lucrative contracts.

Key Kobe Train Line Reopens After Quake

The Associated Press

TOKYO — A major commuter-train line resumed service Monday on a key link in Kobe, almost two months after an earthquake devastated the city.

Hankyu Electric Railway Co. resumed operations along a 3.1-kilometer (1.9-mile) stretch that connects lines operated by two other companies serving surrounding areas. The reopened portion begins at Sannomiya, a station complex and shopping mall that collapsed in the Jan. 17 earthquake.

In 1994, to celebrate 75 years of serving the travelling public, KLM Royal Dutch Airlines organised their world-wide Bridging the World Contest. The response was enormous with more than 12,000 entries from all over the world, all illustrating how bridges can be built to the benefit of our society.

The international jury, under the chairmanship of former Dutch prime minister Ruud Lubbers, has announced the twelve winners and KLM will be providing these twelve competitors with tickets and footing the bill for all travel and lodging expenses to turn their ideas into reality.

Twelve winning entries

In addition to the group of Moroccan teachers who acquire more knowledge to help their blind compatriots, there are 11 other award winning ideas:

- ◆ In an on-going determination to bridge the world of disability differences, a team of USA specialists with some 100 wheelchairs, will fly to Ghana to help in a country where a wheelchair costs a life's savings.
- ◆ 10 shoeshine boys who spend their lives carrying around their stools, cloths, brushes and polish in the magical city of Istanbul will be flown to the Eteluz, the Dutch forest of fairy-tales, to live their own fairy-tale from the other side.
- ◆ Volunteer cooks who daily serve meals to the elderly in Moscow will fly to Amsterdam to receive special training in the preparation of simple yet nourishing food. KLM will provide the elderly with meals during the training period.
- ◆ Kiev, once a flourishing centre of the arts in Eastern Europe, has lost much of its talent. Now seven international music professors will fly to the Ukraine to hold master classes for young talent.
- ◆ A group of young Brazilian street children of the first team of Excola Futebol, who are fighting to free themselves from their glue-sniffing addiction, will play their dream football team PSV in Holland.
- ◆ Small children from the five continents will gather in Copenhagen, the birthplace of Hans Christian Andersen, and together with authors and illustrators, will write a modern fairy-tale entitled "Peace".
- ◆ An orchard of 75 citrus trees will be planted at a bible training college in Malawi by a family of a former teacher. The students and their families will enjoy vitamin-rich fruit and earn a little extra income. The special trees will be flown to Lilongwe from Israel.
- ◆ A group of 24 craftsmen, masons, carpenters, electricians, and engineers from the USA and Europe will fly to Guinea to build a much needed health clinic there in just one week.
- ◆ A Dutch TV producer has been following the lives of six babies and their families in six very different countries. The families will meet for the first time together in South Africa, a country that today symbolises the uniting of nations.
- ◆ One of the most moving diaries ever written begins: "My name is Anne". 25 Annes from all over the world will fly to Amsterdam for a week and keep a diary of their friendships and their growing understanding of each other's cultures.
- ◆ Artists from Zimbabwe will paint a newly constructed drawbridge in Haarlem, Holland, thus symbolising the building of bridges between different nations and cultures of the world.

81 other ideas awarded

The twelve winning entries show the level of commitment and involvement which many people have with the plight of others. This sharing and caring was very much a feature of all the entries and made the selection of the best ideas a very difficult task indeed.

KLM is therefore pleased to offer tickets to 81 runners-up so that many more of these moving ideas for bridging the world can be turned into reality.

A world of thanks

KLM would like to thank all the many people who took the time to put down their ideas on paper and who have helped make this contest such a memorable and moving experience. It shows that even in today's world of global communications and travel, there are still many bridges that have to be built.

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th Worontest."



Clockwise from top left: Freud's sweater and pleated skirt; McQueen working on tartan suit; Red or Dead's vinyl corset suit; Storey's Edith Sitwell look; Chalayan's techno-tailoring; Knightly's sweater, shirt and pants.

A New Revolution, From the Children of the Flower Children

By Suzy Menkes
International Herald Tribune

LONDON — Their mothers were hippies, all ethnic layers, love beads and hair run wild. But now the children of the flower children are creating their own fashion revolution.

The twentysomething generation is swinging London fashion in a new direction: neat and tidy clothes with the focus on sharp tailoring in fresh pale colors. A childhood yearning for an immaculate, ordered world seems to have come out in clothes that are the antithesis of the wild and wacky looks associated with British street style.

At Bella Freud, there were trim trilby hats topping baby-blue coats and cute knitted dresses with scalloped hems — both with the silhouette of a well-behaved schoolgirl. Or there was the clotted-cream-and-white freshness of Nicholas Knightly's simple separates, intricately cut to shadow a slight body.

The London fashion season for fall-winter, sandwiched be-

tween Milan and Paris, has sprung back to life. The significance is that the new generation of young designers is combining craft with creativity, so that the return to light-handed tailoring has some substance in cut and fit. Put it another way: The clothes are wearable and well-behaved instead of wild and weird.

Yet the archetype of arresting London talent is Alexander McQueen, whose background includes making Savile Row suits for Prince Charles and working for Romeo Gigli. McQueen's hard-edged collection inspired by the savage Scottish Highlands included tartan suits so carefully made that each line of each check matched up in the tightly fitted jacket and low slung pants.

The 150-piece collection — all its ruff collars, embossed leather armor, fiberglass dresses and laminated lace frock coats — were cut personally by McQueen and stitched together in a rented room the size of a hotel bathroom.

"This is a very personal collection — I wanted to show the

rap of Scotland in the Jacobean upheaval, not ball gowns in the Highlands," says McQueen, who had been approached to be a consultant for Jil Sander, but is now talking to a leading Italian company.

WITH the support of the British Fashion Council and its chairman, Clinton Silver, young designers manage to get shows on the runway. As proof that London is swinging again, a few supermodels appeared on stage, and there was serious sponsorship — especially from Vidal Sassoon and Renault, whose London director, Michel Gigou, said that the company wanted to target the British market of "hip and chic."

Reoault backed Knightly and Hussein Chalayan, who sent out a strong show Sunday of techno-tailoring. Tautly fitted suits with an aerodynamic silhouette, included silver antennae curving from lapels, and the crisscross patterns of airline flight paths. They returned on seahub-rubber skirts, fitted sweaters and, at night, lit up on black suits. The technology theme was emphasized with in-

clusive cutting that included pants with radial seams from the base of the spine and precise tailoring in space-age silver or electric blue.

Knightly's soft and subtle bias cutting (such as a shirt collar with cowl front) was not well-served by the big runway, but his line has been a sell-out for spring at Saks Fifth Avenue, according to its fashion director, Nicole Fischelis.

"I've had more fun from one hour in London than a week in Milan," she said after the Red or Dead show that had witty takes on kippie ties (giant size at hips or backbones), funky skiwear with techno-colored moon boots and the craze for plastic represented by shiny vinyl "Avenge" outfits and brief skirts in nursery shower-curtain prints.

Saks, like other American stores and the Japanese buyers who have pushed show attendance up by 10 to 15 percent this season, looks for three things out of London: trends at the sharp end, especially in the accessories that dominated the two-tier tented exhibition at London's Natural History Museum; dressy evening wear, and a poetic

eccentricity that is uniquely British.

There was poetry to the brooding sadness of Sonja Nuttall's long dark knits and somber corduroy tailoring, shafted with sunshine yellow and with the verse of Edith Sitwell on the sound track. Helen Storey also took Sitwell as her muse and unfolded, in a subway tunnel, tangerine velvet coats, mixed with nylon, vinyl and hirsutly fake fur. That made a long fox-tailed train on a slender evening dress, for a sly and sensual effect.

Since the British psyche is steeped in the past, the 1950s couture parade sent out in Paris by the British designer John Galiano last season provides a ready-made backdrop. If you want a take on a previous pastiche, Edina Ronay did hers with wit, using Mick Jagger's statuesque wife, Jerry Hall, to camp up couture, with a poodle on a leash, a gleaming Bentley on the runway and skirts either hobbling the knees or as swirling prom dresses.

Empress Sissie eveoioig gowns with flower bouquets in their bustles were sent out by Tomasz Stawski, who went back to his Polish roots and had

fun with folklore patterns, cobble-hall and vivid colors, not least for the acid-bright confiners of his backdrops.

London stores are backing British. Harvey Nichols in Knightsbridge filled its windows with Barbie doll wardrobes of young British designers and supported a group show that kicked off the season. It included Communi's collars, bustiers and corset-belts abstracted from classic fair-ale knits and the ultimate wacky accessory: the bra-shaped backpack. Liberty of Regent Street presented Pease Ponds, who showed retro-tailoring (think ladylike purses and seamed hose). Cocktail suits with a kick of fabric on peplum-backed jacket and fishtail skirt.

Sportswear designers were less comfortable with retro-chic, with Paul Costelloe grafting a couture take onto a collection that was better when it stuck to dried-mud tweeds, oatmeal knits, leather flying jackets and just a touch of pastel mohair.

Nicole Farhi's show Monday was strong on coats, delicious in caramel boucle-topping cream knits. Her tailoring came close

to the body but, as elsewhere, the over-the-knee straight skirts looked stern. Margaret Howell's long, countrified skirts were convincing, and she updated classics by mixing gray flannel with black oylon, mole-brown velvet with Harris tweed and a panne velvet dress with a nylon coat.

THE knitwear that is one of the big stories out of London was swamped by tailoring, although Freud had shapely, striped knit dresses, and Knightly showed oatmeal sweaters worn over body-fitting shirts and slender pants.

Betty Jackson played with textures, using angora, cobweb-fine mohair and boucle for knitwear that, like her tailoring, she had brought much closer to the bodyline.

The satin bucket bag with flowered lid (by the London purse designer Lulu Guinness) signaled a fresh spirit at Zandra Rhodes, where her signature chiffons had graphic Matisse-inspired prints and were scissored into simpler shapes. Jean Muir, giving a stroll-

about private view in her show-room, had new shapes, like a bubble dress under a three-quarter coat and a lined skirt, the shape of an upturned champagne glass. They freshened her fluid tailoring.

What has been gained and lost now that avant-garde British designers are making clothes polite rather than funky? Visitors to the show, who included Elin Saltzman, scouting for Hedi Bende in New York and buying teams from Barneys and Charvati, all stressed that they look to London for the whimsical rather than the conventional.

But Silver, formerly with the British retailing giant Marks & Spencer, is determined to prove that for London fashion to count on the international circuit, it also has to sell.

His first step was to sell the show to the sponsors — then to target international buyers.

"And I don't want to be Mussolini, but I want the shows here to run on time," he said. That was a reference to a storm that has broken in Paris fashion over the scheduling of the shows for the French ready-to-wear season that opens on Tuesday.

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Herald Tribune
THE WORLD'S DAILY NEWSPAPER

Actresses Who Look Real and Get the Guy: Is This a Trend?

By Claudia Shear
New York Times Service

NEW YORK — "Muriel's Wedding" from Australia. "Mina Tannenbaum" from France and "Circle of Friends," which is set in Ireland, share a shocking similarity. The protagonists in these three films are

young women who, according to Hollywood standards and practices, are not beautiful.

Is this a new wave of actresses and of stories about ordinary girls? Or just a coincidence? As an actress who is not particularly beautiful, delightfully girlish or waifishly thin (I have had years of disappointment, people smiling ruefully while they pushed

my picture and résumé back across the desk), I'm rooting heavily for the former.

Perhaps such films reflect a need to bring normal-looking women to the screen when the ideal for female beauty actually becomes impossible to meet.

"Georgy Girl," with Lynn Redgrave as the chubby duckling came along in 1966, when the look of the moment was that of dazed longing from the anemone-lashed eyes of Twiggy.

Now, along with the ubiquitous posters of Kate Moss (which seem to say "I'm so thin my clothes are falling off, and I can't quite focus my eyes"), these three films have emerged. And I, for one, am grateful.

Muriel (played by Toni Col-

lette), of "Muriel's Wedding," lives in Porpoise Spit, Australia — the kind of place that gives backwater a bad name.

Her friends are three vicious Heathers who reject her utterly (and tell her so, graphically) because she is big, overweight, plain and, the unkindest cut, uncool.

Benny (Minnie Driver) is the strapping, sensible "beef to her heels" young Irish girl in "Circle of Friends." Benny stoically absorbs caustic comments — a suitor tells her, "There aren't many who would have you, you know, Benny" — as she struggles with university life, her loving but fearfully conventional family and the issue of sex versus sin.

Mina (Romane Bohringer) in "Mina Tannenbaum" is actually quite lovely, but even she feels ugly as a teenager and remains racked with shyness and self-doubt when she becomes a young woman painter. Her best friend, Ethel (Elsa Zylberstein), is plump as a young girl in dance class and still lumpy in her teens as she and Mina brave Paris in grotesque '70s fashions.

To look into the faces of these young women and see their story is a revelation. The view from here is a surprise. The shy Benny in "Circle of Friends," on her first day at college in Dublin, watches as her blonde bombshell friend flirts with easy assurance.

Muriel experiences a moment of fabulous popularity when she wins a talent show at a beach resort, proudly sauntered into a white satin jumpsuit and singing an ABBA song: "her new best friend."

The young women in these films, particularly the first two, are unlikely heroines. Heroines are always, always beautiful.

Broaden the definition as much as you think you can, and still heroines are beautiful — from the bust of Nefertiti to Tess of the d'Urbervilles to Garbo in "Flesh and the Devil." (This is

not true for the hero. He can be Apollo or Everyman, Daniel Day-Lewis or Tom Hanks.)

The women in these three films are not beautiful, however, and yet they get the guys; they are the center of the stories and not just the sidekicks or best friends. The women work hard at getting what they want, but the real victory for them is in realizing that maybe they did not want enough.

All three of the filmmakers involved — the French director Martine Dugowson, the Australian P. J. Hogan and the Irish Pat O'Connor — have opted not for the distance of glamour, the mystery of unattainable beauty, but for the open, simpler faces of people like their mothers or sisters. Faces not so different from our own.

There is a line from a Stephen Sondheim song that says, "Pretty is what changes, what the eye arranges is what is beautiful." As we watch Muriel and Benny and Mina and Ethel finding the destiny allotted to them, we begin to arrange their faces in our minds. Perhaps just a bit before they do, perhaps a bit after, we can see that they, too, are beautiful.

Claudia Shear's book "Blown Sideways Through Life," based on her one-woman show about the jobs she took while trying to succeed as an actress, will be published this month. She wrote this for The New York Times.

On April 22nd, the IHT will publish a Special Report on

ARTS & ANTIQUES

Among the topics to be covered are:

- Unstoppable art deco.
- The impact of wealthy collectors in India and Asia.
- A new trend toward single-artist museums.
- Asia — preserving cultural heritage vs. tourism revenue.
- Links between children's drawings and works of great art.

For further information, please contact Bill Mahler in Paris at (33-1) 41 43 93 78 or fax: (33-1) 41 43 9213.

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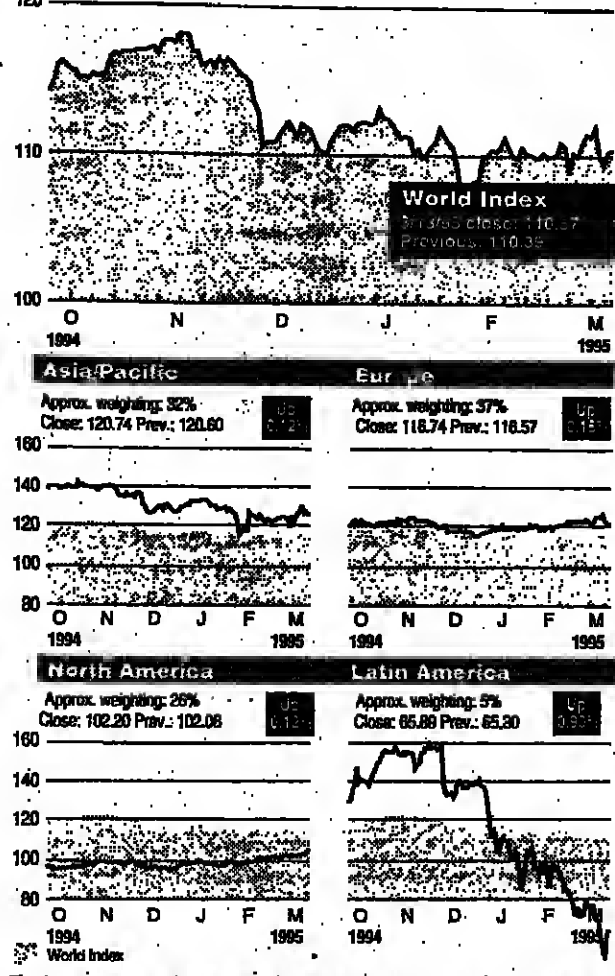
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APR 15 1995

THE TRIB INDEX: 110.57

International Herald Tribune World Stock Index, composed of 280 internationally investible stocks from 25 countries, compiled by Bloomberg Business News, Jan. 1, 1992 = 100.



The index tracks U.S. dollar values of stocks in Tokyo, New York, London, and other major financial centers. The index is composed of the 20 top issues in terms of market capitalization, otherwise the top 100 issues are tracked.

Index	Value	% Change
Energy	112.43	-11.77
Utilities	107.14	106.90
Finance	110.37	110.80
Services	105.88	105.83
Capital Goods	114.06	113.58
New Materials	126.50	125.74
Consumer Goods	107.41	106.85
Miscellaneous	114.88	114.02

For more information about the index, a booklet is available free of charge. Write to Trib Index, 191 Avenue Charles de Gaulle, 92521 Neuilly Cedex, France.

Right Man for the World Bank? Wolfensohn Receives High Marks as U.S. Nominee

By Peter Truell
New York Times Service

NEW YORK — In today's Wall Street of 12-hour days and 7-day weeks, James D. Wolfensohn is probably as close as the modern investment professional can get to being a Renaissance man.

A renowned international financier, Mr. Wolfensohn has for 14 years successfully forged his own company, James D. Wolfensohn Inc., into an investment powerhouse that competes with giant firms like Goldman, Sachs & Co. and Salomon Brothers, while doing annual business of \$8 billion to \$10 billion.

An accomplished cellist, committed philanthropist and student of development and environmental issues, Mr. Wolfensohn also rebuilt Carnegie Hall, where he is board chairman emeritus, and has headed the John F. Kennedy Center for the Performing Arts in Washington for the last five years.

President Bill Clinton has nominated the charismatic and feisty Mr. Wolfensohn, 61, to be the next president of the World Bank.

Mr. Wolfensohn, who has involved himself with environmental and development issues for 30 years, was the favored candidate of Vice President Al Gore to succeed Lewis Preston, who asked to retire early from the World Bank after he was diagnosed as having cancer.

The World Bank's directors are expected to vote on Mr. Wolfensohn's pro-

posed appointment within the next few days and, provided it is ratified, he will take over the World Bank this summer.

His anticipated arrival comes at a particularly challenging time in the development organization's history. Its clientele has never been more diverse and complex. It is seeking to aid the states of the former Soviet Union, to ensure that fast-

'He's a first-class person, intelligent, charitable and caring. He's always handled himself with class.'

Gedale Horowitz, senior managing director, Salomon Brothers Inc.

growing developing nations do not destroy themselves environmentally and socially in their rush for economic prosperity, and to halt the slide in the fortunes of the poorest people in the world, particularly in sub-Saharan Africa.

The 50-year-old organization, which makes \$17 billion in loans a year, has also recently been challenged by those who argue that its mission is over and that it has been insensitive to environmental concerns.

Those critics, grouped in the "50 Years

Is Enough" coalition, offered no immediate comment.

All those interviewed Sunday sang Mr. Wolfensohn's praises.

"Jim Wolfensohn is an unusual banker who brings a whole range of qualities that few in the financial community have," said Maurice Strong, chairman of the World Resources Institute and of the Earth Council, who headed the United Nations 1992 conference in Rio de Janeiro on environment and development. "He cares deeply about the issues of sustainable development and will be a strong leader for the World Bank at a critical stage in its history."

Mr. Strong, who is also president of Ontario Hydro, first met Mr. Wolfensohn when they worked together at a conference on the environment and the economy in Stockholm in 1972.

Mr. Wolfensohn, born in Australia but now an American citizen, did many of his first investment deals in developing countries and is a self-described devotee of the economist Barbara Ward, whose books, like "The Rich Nations and the Poor Nations," dealt with development issues.

He is also a board member of the Business Council for Sustainable Development, the Population Council and a trustee of the Brookings Institution, with a long history of involvement in development and environmental issues.

Those socially progressive credentials

See BANK, Page 15

Alcatel Board Backs Its Chief

Overbidding Inquiry Leads To 2% Drop in Stock Price

Compiled by Our Staff From Dispatches

PARIS — The directors of Alcatel Alsthom gave their backing Monday to its embattled president, Pierre Suard, who has been charged with fraud and harassed for performing his job.

Alcatel's board has named its chief operating officer, Francois de Laage de Meux, as the interim head of the company.

Mr. Suard, 60, who faces a round of judicial questioning Tuesday, has appealed the Paris court ruling banning him from exercising his company responsibilities, according to his lawyers.

Trading in Alcatel Alsthom was suspended on the Paris stock exchange Monday morning until completion of the directors' meeting. When trading resumed, the share price fell 1.8 percent, to 387.50 francs.

Mr. Suard was charged Friday with systematically overcharging the French telephone monopoly, France Telecom, and misusing corporate funds to install a 3 million franc (\$595,000) security system at his home.

The board of directors, in a statement after the emergency meeting, said it "publicly renews its confidence and support" of Mr. Suard.

The directors said they would meet on April 5 to complete work on the 1994 accounts of the telecommunications and electronics maker.

Over the past 14 months, capitalization of the company on the stock exchange has plummeted to 57 billion francs from 126 billion.

Investigators concluded that Alcatel Alsthom camouflaged 675 million francs it siphoned off from 1991 to 1993 by overbidding France Telecom.

Meanwhile, analysts said that Mr. Suard may be the least of the company's problems now. "Even if he is removed it doesn't actually have any meaning because it's the company's structures and practices that are being investigated," said Mark Horn, a manager for Kleinwort Benson's 230 million-franc fund for French equities.

(AP, AFP, Bloomberg)

Chairman Stays As CITIC Names 3 New Directors

BEIJING — China International Trust & Investment Corp., the government-controlled investment company, has named three new executive directors and eight new board members, officials said Monday.

However, CITIC's chairman, Wei Minyi, rumored to be stepping down by Western business sources close to the company, remains in his post, company executives said.

CITIC's board approved during the weekend the nominations of Huang Jichun and Hong Yuncheng as vice presidents and Qin Xiao as an executive director, bringing the total number of executive directors to five.

Spokesmen would not say if Mr. Wei would step down. "Chairman Wei is still the chairman," one said.

Last week, CITIC's president, Wang Jun, said Mr. Wei, 71, had requested retirement on his own initiative, according to Hong Kong's Wen Wei Po newspaper, which is backed by Beijing.

Leeson Resists Extradition to Singapore

By Rick Atkinson
Washington Post Service

BERLIN — Nicholas Leeson, the young trader accused of bringing down Barings PLC in a speculative binge, formally objected Monday to being extradited to Singapore in a move his attorney said increased the likelihood that Mr. Leeson would eventually be sent to his native Britain.

During a hearing at a Frankfurt courthouse, Mr. Leeson told Judge Horst Wolfheimer

that he would not voluntarily accede to Singapore's request to have him returned to face possible charges in the Barings collapse.

"He naturally said that he did not want to go to Singapore," said Hans-Hermann Eckert, the prosecutor, to Reuters after the brief procedure in a holding cell.

Mr. Eckert later said that Mr. Leeson had refused to comment on forgery charges leveled by Singapore officials, Bloomberg Business News reported.

"Mr. Leeson said he wants to wait to see how the case proceeds before offering a defense," said Mr. Eckert.

[Mr. Eckert said German courts would not consider a bail application for Mr. Leeson, "no matter how high," because of the danger he might escape. "I believe he would certainly take the opportunity to escape to England or another country to avoid the Singapore charges," said Mr. Eckert.]

Mr. Leeson's German attorney, Eberhard Kempf, said that

British officials were expected to submit their own extradition request to Bonn and that Mr. Leeson probably would wind up in London, where the bank has its headquarters.

Mr. Leeson was arrested March 2 by German police after arriving at Frankfurt International Airport on a flight from Asia.

British officials have remained tight-lipped about their extradition strategy except to note that any request must be based on evidence that Mr. Leeson broke British laws.

Thinking Ahead / Commentary

U.S. Should Stop Undermining WTO

By Reginald Dale
International Herald Tribune

WASHINGTON — President Bill Clinton's seemingly limitless capacity for bringing senior appointments has long been one of his most notorious faults. Unfortunately for the rest of the world, it is not just jobs in Washington that are at stake.

Last year Mr. Clinton failed abysmally to secure dynamic new leadership for the Organization for Economic Cooperation and Development, the industrial countries' policy coordination club in Paris.

Now Washington is making a mess of filling a much more powerful position: director-general of the new World Trade Organization in Geneva — which is arguably the world's most important job.

The WTO's delicate task is to supervise and strengthen the international trading system during the dangerous transition from the post-war era to the global economy of the 21st century.

If it succeeds, it will play a bigger role in advancing world prosperity than any other international institution, and the country that has the greatest stake in the WTO's success is none other than the United States, the biggest and most open trading country.

Yet it is the United States that is now hardest at work undermining the authority of the WTO, and that of its future

head, by irresponsibly subverting the leadership selection process.

In an eerie replay of failed nominations at home, Carlos Salinas de Gortari, former Mexican president and the preferred U.S. candidate, turned out to be a major embarrassment.

Washington made matters worse by sticking with him for far too long after

The country that has the greatest stake in the WTO is the United States.

his credibility went the way of the Mexican peso.

U.S. officials have made it obvious they do not like either of the two remaining candidates: the European Union's Renato Ruggiero and Kim Chulso of South Korea, who is backed by most of Asia. But instead of proposing an alternative, or a way out of the deadlock, they are sending bursts of conflicting signals to America's trading partners.

Shamefully, Washington has launched a shabby smear campaign against Mr. Ruggiero, just as it did against Jean-Claude Paye, the head of the OECD, last year. Mr. Ruggiero has been dubbed a protectionist and worse, a representative of an over-regulated economic system and a "bureaucrat," whatever that means in this context.

Mr. Ruggiero, who has been foreign

trade minister of Italy, is no more of a bureaucrat than the senior Washington officials who are blackening his name, none of whom, of course, is an elected politician.

The campaign against Mr. Ruggiero, like that against Mr. Paye, smacks of a disquieting kind of mindless anti-Europeanism that too often emanates from Mr. Clinton's Washington.

The United States, a State Department official reportedly said last week, wanted a candidate from outside the European Union to give the WTO more of "a world perspective," as if that were something no European could conceivably possess.

But if the WTO is to succeed, the United States and the European Union have to work together. That will be far more difficult if Washington keeps on implying that Europeans are almost by definition inward-looking protectionists.

It is not just Europe that is angry. Washington has offended the South Koreans and other Asians by suggesting that Mr. Kim, while a decent fellow, comes from a country whose trading policies are unacceptable.

But time is now up. The longer the deadlock persists, the more damaging it will be for the WTO.

If the United States cannot make a constructive contribution, Washington should bow out and let the rest of the world settle the issue without the benefit of its dubious head-hunting skills.

CURRENCY & INTEREST RATES

Cross Rates									
	USD	DM	FF	Yen	GBP	HKD	SGD	THB	INR
Australia	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Canada	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
France	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Germany	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Italy	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Japan	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
South Africa	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
Switzerland	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
U.K.	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
U.S.	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38

Eurocurrency Deposits									
	USD	DM	FF	Yen	GBP	HKD	SGD	THB	INR
1 month	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
3 months	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
6 months	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%
1 year	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%

Key Money Rates									
	USD	DM	FF	Yen	GBP	HKD	SGD	THB	INR
Discount rate	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Prime rate	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
Federal funds	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
3-month T-bill	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
6-month T-bill	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%
1-year T-bill	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%	5.4%

Forward Rates									
	USD	DM	FF	Yen	GBP	HKD	SGD	THB	INR
30-day	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
60-day	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
90-day	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38
180-day	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38	1.38

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EUROPE

Crédit Suisse Will Not Bid for Budapest Bank

Compiled by Our Staff From Dispatches

ZURICH — Credit Suisse said Monday that it would not bid for Budapest Bank after a review showed major cost-cutting steps would be needed at the Hungarian bank.

Credit Suisse said the bank's "proper integration" would have required "very substantial changes" in the strategic direction of Budapest Bank. But the Swiss bank said it intended to "remain active" in Eastern Europe despite the decision.

"I don't want to say that Budapest Bank is in any way a bad bank, but we would have had to change things totally," a Credit Suisse spokesman, Andre-Lou Sugar, said. He cited in particular the need to cut the number of branches of Budapest Bank and the resulting job losses.

He said local opposition to cost-cutting could have proved "difficult," though he said the decision was not due to objections from the Hungarian government, the owner of the bank.

Rudolf Hug, who heads Credit Suisse's international operations, said earlier this month that a takeover of Budapest Bank was unlikely to benefit Credit Suisse soon in terms of earnings.

Credit Suisse was selected in December as the Hungarian government's preferred choice as a buyer of a state in Budapest Bank Budapest Bank, with assets of 2 billion Swiss francs (\$1.69 billion), is one of Hungary's leading commercial banks.

The decision not to bid "by no means" signifies that Credit Suisse is no longer interested in expanding into Eastern Europe, a company spokesman said.

"We are always looking for new possibilities, and we intend to remain active in Eastern Europe," he said. "We will look at new opportunities as they present themselves."

Credit Suisse had to pay 421 million francs last year to prop up the ailing Swiss Volksbank, which it acquired in 1993.

"We have certainly gained a lot of experience with Swiss Volksbank, but it's not that we got cold feet," Mr. Sugar said.

(Bloomberg, AFP)

An Air of Crisis in Italy As Alitalia Fiddles, Its Workers Fume

By John Tagliabue
New York Times Service

ROME — Long known for trendy aircraft interiors and flight attendants' uniforms by designers such as Giorgio Armani, rather than for its service or punctuality, Alitalia Airlines has been having a bumpy ride of late.

Italy's national carrier was crippled for two days last month by striking pilots and cabin crews before the transport minister, Giovanni Caravale, avoided further disruptions by persuading air-traffic controllers not to join the work stoppages.

Mr. Caravale's intervention illustrated how crucial Alitalia's financial health has become to the new government of Prime Minister Lamberto Dini, who took office pledging strict fiscal austerity.

Mr. Dini has wasted no time calling for budgetary austerity, a crackdown on tax evaders and an overhaul of Italy's costly pension system, all in an attempt to bring the relentless growth in the nation's budget deficit under control. The lean regimen is not exempting state-run companies like Alitalia.

Wildcat strikes have been common in Italy's public services. But the latest labor actions are part of a broad assault on plans at Alitalia to cut costs and raise productivity in the face of losses and mounting debt that have pushed the airline to the brink of insolvency.

According to labor leaders, Alitalia will announce a net loss for 1994 of \$175 million, after a loss the year before of \$214 million.

Alitalia's debt, accumulated over years of breakneck growth, totals \$937 million, compared with \$1.1 billion at the end of 1993.

Moreover, time is pressing Alitalia, which faces competition on its domestic routes beginning in 1997, when the European Union begins enforcing a full deregulation of European airlines.

The strike last month by the pilots, which grounded 400 of Alitalia's 1,200 flights for a day, was arranged to protest the carrier's moves to cut costs sharply on its North Atlantic routes by leasing Boeing 767 aircraft and crews from Australia.

About 150 angry Alitalia pilots caused pandemonium at Fiumicino Airport outside Rome, when they marched onto the tarmac to block the Australian jetliners from taking off.

The planes — which had already been painted in distinctive red, white and green Alitalia colors — left late for Boston and Chicago after the protest ended.

Adding to Alitalia's woes, government investigators are looking into at least two recent cases in which systems on Alitalia aircraft were damaged in what appeared to be sabotage.

Corporate analysts say Mr. Dini must take a hard line toward the airline unions if he hopes to get approval this year from the European Union to help Alitalia with a one-time infusion of at least \$1 billion in subsidies.

The money is partly intended to restore

Alitalia's equity base, which has been hollowed by six consecutive years of operating losses. The rest will be designated to reduce the staggering debt.

The government plans to raise capital ultimately by offering a majority share in the airline to private investors through the stock market.

Last year, Alitalia signed a code-sharing agreement with Continental Airlines that enables the Italian carrier to funnel passengers through Continental's hub at Newark Airport to other destinations in the United States.

Kevin Murphy, who follows international airlines at Morgan Stanley & Co. in New York, said that Continental, which is struggling with recent loss market share, was out in any position to help Alitalia financially.

Keith McMullan, director of Avmark, a London-based airline consultancy, said the European decision in recent months to provide similar subsidies to major airlines, including Air France, Iberia of Spain and Olympic Air-

The latest strikes are part of a broad assault on plans at Alitalia to cut costs and raise productivity.

ways of Greece, virtually assured that the Italian government would help Alitalia.

Agreement with the pilots would be the last step needed to carry out the streamlining planned by Roberto Schisano, whom the government installed last year to clean up Alitalia.

Mr. Schisano, who formerly headed the European operations of Texas Instruments Inc., wants to cut personnel costs by as much as 20 percent over the next three years, leading to a 12 percent cut in overall operating costs. That would mean eliminating about 1,600 of Alitalia's 21,000 employees.

Beyond the job cuts, Alitalia employees have been upset by Mr. Schisano's plans to break the airline up into several sections, each with the ability to get a better grip on costs by negotiating individual wage accords with the unions.

"If we're not in position to compete in a market that's moving toward total liberalization," he said recently, "then Alitalia is destined to disappear."

Alitalia was apparently seeking to follow the route taken by more successful European airlines like Lufthansa of Germany, Mr. Murphy said.

"What they're trying to do is to install more entrepreneurship in their divisions," he said.

The decision to lease the Australian jets, beyond the obvious cost-cutting effect, Mr. McMullan said, sent "a very clear message by Schisano to the pilots' crews."

Jennifer Laing Returns To Saatchi

Compiled by Our Staff From Dispatches

LONDON — Saatchi & Saatchi Advertising Worldwide, the agency thrown into turmoil by the stormy departure of its co-founder, Maurice Saatchi, on Monday named a former executive as its new chairman.

Jennifer Laing, who spent 17 years at Saatchi & Saatchi before building up her own ad agency, Laing Henry, will take over the post left vacant when David Kershaw joined an exodus from Saatchi & Saatchi in January. Ms. Laing's salary will be £175,000 (\$277,000).

Laing Henry is to be sold for £12 million in stock to Saatchi & Saatchi's parent company, Saatchi & Saatchi Co., the price based on the average Saatchi share price in the five dealing days before completion, expected on March 31.

Saatchi is holding a shareholders' meeting Thursday to change its holding company's name to Cordiant PLC.

Assuming all of Laing Henry's clients move to Saatchi & Saatchi, the company says it will have gained enough new billings to roughly double the £26 million in business it lost after Maurice Saatchi left and said he would form his own agency.

Key clients who quit the old Saatchi agency for the new one include the tobacco maker Galaher Ltd. and the publisher Mirror Group.

Saatchi & Saatchi said it has come up with £14 million of billings in new business and it hopes to get billings of £40 million from Laing Henry.

This would boost the company's annual billings to £490 million, although getting the Laing Henry clients is not a sure thing. "I would not want to be seen presuming what my clients will do — that would be inappropriate," Ms. Laing, 46, said.

The Saatchi & Saatchi holding company suffered another big blow when the candy maker Mars Inc. took its business elsewhere, although Mars had mainly been a client of another Saatchi & Saatchi subsidiary, Bates Worldwide. (AP, Reuters)

Investor's Europe					
Frankfurt DAX		London FTSE 100 Index		Paris CAC 40	
O N D J F M 1994 1995		O N D J F M 1994 1995		O N D J F M 1994 1995	
Exchange	Index	Monday Close	Prev. Close	% Change	
Amsterdam	EOE	393.33	393.66	-0.06	
Brussels	Stock Index	6,810.81	6,759.93	+0.75	
Frankfurt	DAX	1,999.49	1,994.02	+0.27	
Frankfurt	FIZ	749.76	741.39	+1.13	
Helsinki	HEX	1,659.29	1,647.00	+0.74	
London	Financial Times 30	2,307.29	2,311.80	-0.20	
London	FTSE 100	3,011.80	3,021.10	-0.31	
Madrid	General Index	2,673.27	2,64.86	+0.95	
Milieu	MISTEL	9,543.09	9,706.00	-1.68	
Paris	CAC 40	1,721.80	1,743.10	-1.22	
Stockholm	SX 16	1,521.47	1,520.45	+0.07	
Vienne	ATX Index	987.66	988.46	-0.08	
Zurich	SBS	870.58	874.00	-0.39	
Source: Reuters		APR		International Market	

Monday's 4 p.m. Close
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. *Via The Associated Press*

(Continued)

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1. The first of these is the fact that the Government has not yet decided whether it will accept the offer of the United States to purchase the Alaska Pipeline. This is a very important decision, as it will determine whether the United States will be able to transport oil from Alaska to the rest of the country.

2. The second of these is the fact that the Government has not yet decided whether it will accept the offer of the United States to purchase the Alaska Pipeline. This is a very important decision, as it will determine whether the United States will be able to transport oil from Alaska to the rest of the country.

3. The third of these is the fact that the Government has not yet decided whether it will accept the offer of the United States to purchase the Alaska Pipeline. This is a very important decision, as it will determine whether the United States will be able to transport oil from Alaska to the rest of the country.

4. The fourth of these is the fact that the Government has not yet decided whether it will accept the offer of the United States to purchase the Alaska Pipeline. This is a very important decision, as it will determine whether the United States will be able to transport oil from Alaska to the rest of the country.

5. The fifth of these is the fact that the Government has not yet decided whether it will accept the offer of the United States to purchase the Alaska Pipeline. This is a very important decision, as it will determine whether the United States will be able to transport oil from Alaska to the rest of the country.

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7. The seventh of these is the fact that the Government has not yet decided whether it will accept the offer of the United States to purchase the Alaska Pipeline. This is a very important decision, as it will determine whether the United States will be able to transport oil from Alaska to the rest of the country.

8. The eighth of these is the fact that the Government has not yet decided whether it will accept the offer of the United States to purchase the Alaska Pipeline. This is a very important decision, as it will determine whether the United States will be able to transport oil from Alaska to the rest of the country.

9. The ninth of these is the fact that the Government has not yet decided whether it will accept the offer of the United States to purchase the Alaska Pipeline. This is a very important decision, as it will determine whether the United States will be able to transport oil from Alaska to the rest of the country.

10. The tenth of these is the fact that the Government has not yet decided whether it will accept the offer of the United States to purchase the Alaska Pipeline. This is a very important decision, as it will determine whether the United States will be able to transport oil from Alaska to the rest of the country.

for the IFT in Paris:

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Herald INTERNATIONAL **Tribune.**

THE WORLD'S DAILY NEWSPAPER

[The page contains dense, illegible handwritten text in Devanagari script.]

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1. The first part of the document is a list of names and their corresponding addresses. The names are listed in the left column, and the addresses are listed in the right column. The names are: John Doe, Jane Smith, and Bob Johnson. The addresses are: 123 Main Street, 456 Elm Street, and 789 Oak Street.

2. The second part of the document is a table with two columns. The first column is labeled "Name" and the second column is labeled "Address". The table contains the following data:

Name	Address
John Doe	123 Main Street
Jane Smith	456 Elm Street
Bob Johnson	789 Oak Street

3. The third part of the document is a paragraph of text. It describes the purpose of the document and the information it contains. It states that the document is a list of names and addresses, and that it is intended to be used for mailing purposes.

4. The fourth part of the document is a list of names and their corresponding addresses. The names are listed in the left column, and the addresses are listed in the right column. The names are: John Doe, Jane Smith, and Bob Johnson. The addresses are: 123 Main Street, 456 Elm Street, and 789 Oak Street.

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ASIA/PACIFIC

Slim Margins Temper Results At Cathay Pacific

Compiled by Our Staff From Dispatches

HONG KONG — Cathay Pacific Airways said its net income rose 4 percent in 1994 as competition in the Asian airline market and inflation in Hong Kong cut into profit margins.

Chairman Peter Sutch said the airline earned 2.29 billion Hong Kong dollars (\$309.2 million), compared with 2.23 billion dollars in 1993, in a "very difficult year."

China Debating Bill to Reorganize Its Central Bank

BEIJING — Parliament has begun discussion of China's first central bank law, which analysts said Monday marked a milestone in the modernization of China's financial system — although success will depend on implementation.

"This is the Bundesbank law with Chinese characteristics," one Western economist said. The bill on the People's Bank of China, submitted to the National People's Congress this weekend, is a result of more than five years of intensive drafting and redrafting as well as heated argument, economists said.

Under the draft, expected to be passed this week, the central bank would not engage in commercial or policy-related lending and would follow an independent monetary policy. The law effectively would end the previously ill-defined role of the bank, which required it to act as an organ of credit for China's burgeoning economy.

The head of the central bank could be appointed or dismissed only by the president, currently the head of the Communist Party, Jiang Zemin.

"The key reasons for this weak result are familiar," Mr. Sutch said. "On the revenue side, overcapacity throughout the industry continued to depress yields, while on the cost side, inflation in Hong Kong remained far higher than in the majority of markets in which our competitors are based."

Hong Kong's inflation rate has hovered between 8 percent and 11 percent in recent years.

Sales increased 13 percent, to 27.22 billion dollars, from 24.01 billion dollars, but operating expenses also increased 13 percent, to 24.62 billion dollars. Staff costs rose 14 percent, to 6.18 billion dollars.

Net finance charges and the company's tax bill almost doubled. Finance charges were 557 million dollars, compared with 280 million dollars in 1993, while taxes cost Cathay Pacific 560 million dollars, compared with 288 million dollars.

But Mr. Sutch expressed "cautious optimism" for 1995 due to productivity gains and signs of economic recovery in its main markets.

Cathay Pacific, Hong Kong's main international airline, is controlled by the conglomerate Swire Pacific Ltd. (Bloomberg, AFP, AFX, Reuters)

Lufthansa Looks to India

Deutsche Lufthansa AG plans to expand its Indian operations and may invest in the country's aviation infrastructure, its chief executive, Hans-Joachim Klein, said, AFP-News reported Monday from New Delhi.

Mr. Klein told a meeting of the Confederation of Indian Industry that the German airline was examining possible investment in India's airport expansion and modernization projects.

Toymaker 'Morphs' Into Top Ranks With Power Rangers, Japan's Bandai Gains on U.S. Giants

By Andrew Pollack
New York Times Service

TOKYO — At the New York toy fair in February 1993, a Japanese company with limited name recognition in the United States displayed a new line of action figures in a small showroom and struggled to get toy buyers to look.

"We had to go out in the hall and drag some of them in," Trish Stewart, marketing director for the company's American subsidiary, recalled.

The action figures, the Mighty Morphin Power Rangers, went on to become one of the greatest hits in American toy history. At the 1995 fair, the manufacturer, the Bandai Co., could not keep the crowds out of a showroom four times larger than the old one.

The phenomenal success of the Power Rangers provided an opportunity for Bandai, which has long been Japan's largest conventional toy company but which had so little success in the United States that its American subsidiary seemed to outsiders to be on the verge of disintegrating a few years ago.

Now, like the toys it makes, Bandai has a chance to transform, or "morph," into a major player in the American and European markets.

Makoto Yamashina, the company's aggressive president, aims to have Bandai's sales, about \$2.4 billion in the current financial year, surpass those of the American giants Mattel Inc. (\$3.2 billion in 1994 revenue) and Hasbro Inc. (\$2.7 billion) by the year 2000.

That would make Bandai the largest conventional toy company in the world and No. 3 overall behind video-game kings Nintendo Co. and Sega Enterprises Co., which expect sales of about \$4.3 billion and \$3.9 billion, respectively, in the fiscal year ending this month.

To do that, Bandai plans to ride the wave created by Japan's fertile comic-book and cartoon industries, whose products are gradually catching on around the world. This fall, at least two Japanese children's programs will debut on American television. Bandai, which specializes in character-based toys, will have the licenses for all three.

The most highly anticipated of the new programs is "Sailor Moon," a cartoon series about a long-legged, clumsy, blonde junior high school girl who transforms into a heroine with magical powers.

A big hit in Japan for two years, the Sailor Moon character has also done well in France, Spain and Hong Kong.

Bandai is also plunging into the multimedia and video-game business in partnership with Apple Computer Inc. In December, Bandai said it would make and sell the Pippin Power Player, a \$300 scaled-down version of Apple's Macintosh computer that will plug into a television set and play games and educational programs stored on compact disks.

"We need another \$2 billion-to-\$3 billion business," Mr. Yamashina said about the move into multimedia.

Bandai plans to ride the wave created by Japan's comic-book and cartoon industries, whose products are gradually catching on around the world.

But there are numerous risks ahead. Unlike more stable toys like Mattel's Barbie doll, Bandai's character toys can rise and fall sharply with the unpredictable shifts in moods among fickle youngsters.

Coleco Industries, whose Cabbage Patch dolls were as popular in their day as Power Rangers are now, went bankrupt when sales of the dolls declined and the company was left with huge inventories.

Last Christmas, American parents went frantic searching for scarce Power Ranger toys as Bandai struggled to meet demand. But now the shortages are abating.

Mr. Yamashina said he expects Power Ranger sales in the United States to rise to about \$400 million in 1995 from \$330 million in 1994 because new products have been introduced and because Twentieth Century-Fox Film Corp. will release a Power Ranger movie for the summer. In Europe, he said, sales might hit \$150 million this year, compared with \$100 million in 1994.

But some analysts expect Power Ranger sales to slow. "I would say the second half of the year in the U.S. will show a very steep decline in Power Ranger merchandise," said Sean McGowan, toy analyst at Gerard Klauer Mattison & Co. in

New York, who was basing his judgment partly on the sensitive barometer provided by his 5-year-old. "He hasn't asked me for a Power Ranger toy since Christmas."

The video-game business is also treacherous. Mattel and Hasbro both have failed in video-game machines. Bandai has been trying, with mixed success, since it made imitations of the Atari Pong game in 1977.

Its latest hardware effort, the Playdia compact-disk read-only memory player, or CD-ROM, for toddlers that is sold in Japan, has been easily outsold by Sega's child computer, the Pico.

Already, Mr. Yamashina concedes, the Macintosh-based multimedia player, due in the fall, is behind schedule, making it difficult to get high volumes into the market in time for Christmas.

For the financial year that ends this month, Bandai expects to report sales of 220 billion yen (\$2.42 billion), up 22 percent from the previous year, and net income of \$110 million. In the previous year, Bandai had a loss of \$18.6 million, in part the result of pulling out of an unprofitable agreement to distribute Nintendo video-game cartridges in Europe.

Bandai's stock has fallen from a high of 5,040 yen a year ago to 3,230 yen on Monday. But Mr. Yamashina, who writes books about religion when he is not selling action figurines, is nothing if not ambitious. "He might make a mistake once again, but he will find the way," said Yoshio Tsukuda, a Japanese toy wholesaler. "That is what he has done in the past."

Bandai was founded as a toy wholesaler in 1950 by Mr. Yamashina's father, Naoharu. The company name comes from part of a Chinese phrase meaning "things that are eternal."

Within a year Bandai began manufacturing its own toys, concentrating on cheap metal replicas of planes and cars, which were sold in the United States. "We called them \$1 toys," Mr. Yamashina said.

But after that good start, Bandai never had much success in the United States. Perhaps its biggest hit there before the Power Rangers was Gohoku, vehicles that transformed into robots, which were sold by Tonka Toys in the mid-1980s.

But Bandai found the key to success in Japan, where it aggressively licensed characters from comics and television shows. Today, character merchandise — mainly toys but recently also clothing and candy and other goods — accounts for more than 80 percent of sales.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
10000	2000	2000
8000	1800	1800
6000	1600	1600
4000	1400	1400
2000	1200	1200
0	1000	1000
1994	1994	1994
Exchange Index	Monday Close	Prev. Close
Hong Kong Hang Seng	8,111.27	7,949.39
Singapore Straits Times	2,063.63	2,061.28
Sydney All Ordinaries	1,884.50	1,880.90
Tokyo Nikkei 225	16,477.84	16,958.38
Kuala Lumpur Composite	982.02	985.12
Bangkok SET	1,174.67	1,189.48
Seoul Composite Stock	953.16	954.02
Taipei Weighted Price	6,899.18	6,490.96
Manila PSE	2,335.53	2,310.96
Jakarta Stock Index	428.94	432.73
New Zealand NZSE-40	1,960.85	1,944.75
Bombay National Index	1,863.89	1,705.85

Sources: Reuters, AFP

International Herald Tribune

Very briefly:

• China said the number of companies that went bankrupt in the country last year more than doubled and will double again in 1995, to 3,000.

• PSA Peugeot Citroën SA's Dongfeng-Citroën Automobile Co. joint venture plans to invest 3.8 billion yuan (\$451 million) in its operation in the central city of Wuhan, the China Daily reported.

• Bangkok Land Co. was suspended Monday from trading at the Stock Exchange of Thailand following reports that it faced a \$44 million loss on two of its exchangeable convertible debentures.

• China's trade surplus hit \$4.46 billion in the first two months of the year, reversing a \$1.2 billion deficit in the like period last year.

• Kumagai Gumi Co., the Japanese construction company, said it lost 19 billion yen (\$209 million) on the sale of a hotel in Sydney and other overseas businesses.

• Philippine Long Distance Telephone Co. will borrow \$250 million in the second half of this year to finance expansion.

• TNT Ltd. of Australia is planning to expand its global transport operations into Asia, Managing Director David Mortimer said.

• Saangyoung Group's chairman said Monday that he expected the German automaker Mercedes-Benz AG to increase its 5 percent stake in the South Korean company.

• Indonesia pledged Monday to deregulate its economy to encourage foreign investment in its eastern region.

• Japan's major corporate bankruptcies, each with at least 10 million yen in liabilities, rose 10.7 percent in February from a year earlier, to 1,140 cases, Teikoku Databank said Monday.

• Kobe Steel Ltd. said it expected to suffer a net loss of 102 billion yen for the year to March following the earthquake that hit the company's home city in January.

Reuters, AFP, AFX, Bloomberg

IF YOU WANTED to buy this cottage in County Clare you could immerse yourself in the Irish civil tax code, wade through the local zoning ordinances, study the fluctuations of the punt, engineer a timely currency swap, and make Mr. Richard O'Leary of 97 Dunleavy Street, Ballyvaughan, an offer he couldn't refuse.

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THE CITIBANK PRIVATE BANK

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March 13, 1995

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d SBC MMF - Dutch G	F	7645.77	m Associated Investors Inc.	S	652.99
d SBC MMF - Euro	Eu	307.73	w Athens Fund Ltd	S	15.475
d SBC MMF - Esc	Esc	49204.68	w Backman Int'l Coo Acc.	S	1.26
d SBC MMF - FF	FF	2613.12	w BEM International Ltd.	S	11.52
d SBC MMF - LI	LI	57481.10	d Bräben-Norrf. ERF	Eu	102.04
d SBC MMF - Plus	Plu	3645.08	m Blegenor Global Fd A Sh.	S	302.86
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ART BUCHWALD

Say It Ain't So

NEW YORK — I just received this letter from a little girl named Virginia:

Dear Sir:
I am eight years old. Some of my friends say that there are no such things as derivatives. Papa says that if you write it in your column it must be so.

Please tell me the truth. Is there a derivative and should I believe in it?

Sincerely,
Virginia.

Dear Virginia:

Your little friends are wrong. They have been affected by the skepticism of a skeptical age. They think that nothing can be which is not comprehensible to their little minds.

In this great universe of ours man is a mere grain of sand and just because he is incapable of seeing derivatives does not mean that they don't exist.

Ask the people at Bankers Trust if their derivatives are real. Ask the former owners of the Barings Bank if they know about derivatives. A derivative banker is like Santa Claus. When he puts a derivative into your gubby hands it's like getting a wonderful gift-wrapped package at Christmas. You don't know what is inside but it has to be a wonderful surprise.

Yes, Virginia, there is a derivative. It exists as surely as the Singapore stock market exists. Why would Nick Leeson, a smart trader at Barings, buy them if they weren't alive and well in Tokyo? Leeson's no fool and he knew that if he wanted to make a billion dollars fast, the derivative market was the place to do it.

Alas, Virginia, how dreary the financial world would be without derivatives. There would be no romance, no poetry to make life tolerable for our investors. The light with which greed fills the world would be extinguished.

Not to believe in derivatives! You might as well not believe in tooth fairies. Virginia, you might get all the certified public accountants to watch all the stock markets and commodity trading floors in the world, and even if every trader never actually sees a derivative it doesn't mean that he wouldn't buy and sell them.

The most real things in this life are those that neither children nor men can imagine. Did you ever see Elvis Presley dancing on your lawn? It's no proof that he's not there.

Virginia, the reason that your friends are skeptical is that they cannot hold a derivative in their hand like a baseball card.

A derivative is something that a person acquires to increase their wealth. You can bet on anything you want to.

Suppose you bet that the number of jurors in the O.J. Simpson trial will increase and somebody else bets that the number will go down? You can make millions if you win your bet.

But once in a while someone makes a wrong bet and everybody starts to complain about it. Then all derivatives get a bad name. But if it wasn't for these magical products none of our pension plans would be safe.

No derivatives. Thank God they live and will live forever. A thousand years from now, Virginia, may ten times ten thousand years from now, they will continue to make glad the heart of everyone who's still lucky enough to live in Orange County.

Sincerely,
Your friend,



Buchwald

The Camera Closes In on the Specter of Balkan Wars

By Roger Cohen
New York Times Service

ZAGREB, Croatia — The gowns shimmer. The Strauss waltz begins. The figures sweep across the dance floor. The music suggests a world of headless frivolity. But then the camera closes in.

The faces of the dancers are swollen, gashed, suppurating, bloody. The thin smiles of the women dissolve into scars; the music dissolves into discord.

"Everything spins in a circle," says the Croat director, Ljiljana Zdravkovic, who narrates this scene from "Decline of the Century," his 1993 documentary on Balkan bloodshed. "The sky, the earth, the sun and moon, people, and the waltz. So do sickness and humanity, intertwining."

This image of the circle, which also appears in Milcho Manchevski's "Before the Rain," is a recurrent one in movies spawned by the wars in what was Yugoslavia.

Grievances, passed down through generations, return, distorted by the passage of time but still strong enough to encircle the Balkans and hold the area in a grip of violence. History is palpable and untamed. It is alive in the psyches of families and nations and in the repeated attempts to settle old scores.

This savagery in Europe at the end of the 20th century has come as a shock. In the West, time moves forward, not in circles. A cultural gulf has thus been revealed between a Balkan world seized by violence as it emerges from the freezer of Communist rule and a Western world lulled into moral torpor by decades of peaceful prosperity.

On the one hand there has been the bloody weight of war; on the other, the weightlessness of zapping televised images of war from an armchair.

Confronted by this gulf, the movies about the latest Balkan wars pose critical questions about the moral obligations of artists and journalists. If so many writers went to fight on the Republican side in the Spanish Civil War, why have the Bosnian war and the herding of Bosnian Muslims into concentration camps not stirred a

similar response? Again and again the questions arise: Which side are you on? Could taking sides help break the circle of violence?

Several films that have recently emerged from the region have begun sifting through the wreckage of Yugoslavia, Croatia, Bosnia, Macedonia, Slovenia and what remains of Yugoslavia all submitted films this year for Oscar consideration.

One of them, "Before the Rain" (a co-production from France, England and Macedonia), has been nominated for an Academy Award for best foreign-language picture. In the movie — a haunting evocation of a Macedonian society on the verge of final fracture — the best intentions seem powerless before the violent dictates of history.

Manchevski, a Macedonian director living in New York, examines the smoldering hatred between ethnic Albanians and Orthodox Christian Macedonians in a fragile, newly independent state born of Yugoslavia's dismemberment. The potential for bloodshed is clear. When the suggestion is made that war is impossible, a weary Macedonian doctor comments, "That's what they said in Bosnia."

Many crimes have been perpetrated during the wars of Yugoslavia's demise. People — mainly Bosnian Muslims — have been gathered in Serbian and later Croatian concentration camps, abused, tortured and sometimes executed. Appalling images have been captured by television cameras. The response from the West has been paltry.

Perhaps the inertia has stemmed from the plethora of images of violence flashing across television screens. The images are increasingly indistinguishable and so seem to carry no moral resonance.

In a telling scene from "Before the Rain," a photo editor in London stares at pictures of Bosnian camp survivors. Their emaciated forms and terrified eyes recall the survivors of Nazi camps in 1945. A radio is playing. A cheery British voice says, "And now for the weather."

Two French directors have rebelled against what they see as the moral collapse of the West in the face of the Bosnian war. The most impassioned



Bosnian soldiers in Bernard-Henri Lévy's documentary film "Bosna!"

appeal for the defense of a multi-ethnic Bosnia and the most vitriolic condemnation of the Western world's military inaction is found in Bernard-Henri Lévy's documentary "Bosna!"

In this film, a French intellectual has turned his hand to a war that he sees as decisive to Europe's future. "I made this movie," Lévy says, "because I handle a camera better than I handle a gun."

His point is hammered home over the course of the nearly two-hour movie. Sarajevo, a city where ethnic groups have long mingled, should have been a symbol of tolerance and civilization, Lévy maintains. Instead, he says, what happened to Sarajevo made a mockery of the idea of an integrated, unified Europe.

"The Bosnians are the guardians of our values," the film's narrator declares melodramatically. "If they triumph, so do our values. If they fall, we fall with them."

This approach sometimes leads Lévy to be selective with the facts. For example, he makes much of the joy of Sarajevans at the departure of the Yugoslav army in 1992 but fails

to note that despite a promise of safe passage out of Sarajevo, several young soldiers were killed in an ambush by the emergent Muslim-led Bosnian army. Do these deaths matter? Against the daily horror of Sarajevo, Lévy thinks not.

"There can be no question of making a balanced movie about Bosnia," says Lévy, who has visited Sarajevo several times since the war began. "We're living in crazy times. There's this growing cult of balance, of equilibrium, as if the death of a torturer and his victim had the same value. They do not. Bosnia is a just cause and to respond, as we have, to its destruction with the delivery of humanitarian aid is like bringing sandwiches to the gates of Auschwitz."

The eminent French director Marcel Ophüls examines the Bosnian conflict from a different perspective, that of the journalists covering the war, in his intriguing documentary "The Troubles We've Seen."

At issue in the quirky two-part film, made up largely of interviews with journalists, is how a European war is perceived in what Ophüls describes as the age of "TV ratings, consumerism,

opinion polls and the dictatorship of institutionalized mediocrity."

His view, generally, is that journalists have done their job in explaining the war and exposing its horrors, often at great risk (about 40 have been killed). The problem with Bosnia, Ophüls discovers, is something deeper: the nature of the Western societies in which the news reports end up. These societies seem increasingly unwilling to see, increasingly unable to feel.

Against this backdrop, the words and images from the journalists in Ophüls's documentary become deprived of sense, and their news dispatches float off into an ether of indecision or obfuscation.

In one telling scene, Simone Veil, a French minister and survivor of Auschwitz, says, "It's terrible; it's shocking," and then concludes that nothing can be done.

Culturally, the signs are even more ominous, Ophüls contends (and they help explain why his movie has flopped at the French box office). "No violence, real or fictional, is taken seriously any longer," he says. "It's all just imagery — video clips."

WEATHER

Forecast for Wednesday through Friday, as provided by Accu-Weather.

Europe	Today	High	Low	Tomorrow	High	Low
Algeria	17/22	12/23	10/18	12/23	12/23	10/18
Amsterdam	10/14	10/14	10/14	10/14	10/14	10/14
Antwerp	10/14	10/14	10/14	10/14	10/14	10/14
Athens	14/27	10/27	10/27	10/27	10/27	10/27
Berlin	14/22	10/22	10/22	10/22	10/22	10/22
Brussels	10/14	10/14	10/14	10/14	10/14	10/14
Cairo	22/27	12/27	12/27	12/27	12/27	12/27
Copenhagen	12/23	12/23	12/23	12/23	12/23	12/23
Dublin	10/14	10/14	10/14	10/14	10/14	10/14
Frankfurt	10/14	10/14	10/14	10/14	10/14	10/14
Geneva	10/14	10/14	10/14	10/14	10/14	10/14
Helsinki	10/14	10/14	10/14	10/14	10/14	10/14
London	10/14	10/14	10/14	10/14	10/14	10/14
Madrid	14/22	10/22	10/22	10/22	10/22	10/22
Moscow	10/14	10/14	10/14	10/14	10/14	10/14
Nairobi	10/14	10/14	10/14	10/14	10/14	10/14
Paris	10/14	10/14	10/14	10/14	10/14	10/14
Rome	10/14	10/14	10/14	10/14	10/14	10/14
Stockholm	10/14	10/14	10/14	10/14	10/14	10/14
Toronto	10/14	10/14	10/14	10/14	10/14	10/14
Warsaw	10/14	10/14	10/14	10/14	10/14	10/14
Zurich	10/14	10/14	10/14	10/14	10/14	10/14

North America	Today	High	Low	Tomorrow	High	Low
Alaska	10/14	10/14	10/14	10/14	10/14	10/14
Canada	10/14	10/14	10/14	10/14	10/14	10/14
USA	10/14	10/14	10/14	10/14	10/14	10/14
Central America	10/14	10/14	10/14	10/14	10/14	10/14
South America	10/14	10/14	10/14	10/14	10/14	10/14
Africa	10/14	10/14	10/14	10/14	10/14	10/14
Asia	10/14	10/14	10/14	10/14	10/14	10/14
Australia	10/14	10/14	10/14	10/14	10/14	10/14
Oceania	10/14	10/14	10/14	10/14	10/14	10/14

Asia	Today	High	Low	Tomorrow	High	Low
Bangkok	10/14	10/14	10/14	10/14	10/14	10/14
Beijing	10/14	10/14	10/14	10/14	10/14	10/14
Calcutta	10/14	10/14	10/14	10/14	10/14	10/14
Hong Kong	10/14	10/14	10/14	10/14	10/14	10/14
Manila	10/14	10/14	10/14	10/14	10/14	10/14
New Delhi	10/14	10/14	10/14	10/14	10/14	10/14
Seoul	10/14	10/14	10/14	10/14	10/14	10/14
Singapore	10/14	10/14	10/14	10/14	10/14	10/14
Taipei	10/14	10/14	10/14	10/14	10/14	10/14
Tokyo	10/14	10/14	10/14	10/14	10/14	10/14

MODEL Cindy Crawford earned about \$6.5 million in 1994, making her the highest paid in her field, Forbes reports. The business magazine, which ranks the richest Americans, highest-paid entertainers and highest-paid athletes, pronounced Crawford the top earner in its latest ranking concoction, "Forbes' Perfect 10." Crawford, through her company Crawford Inc., makes most of her money from Pepsi commercials, her MTV show "House of Style," and seven-figure endorsement contracts with Kay Jewelers and Revlon. Forbes said. She made about as much last year as the tennis player Stefan Edberg, who ranked 23d in the most recent Forbes athletes ranking. Crawford was followed by Claudia Schiffer, \$5.3 million; Christy Turlington, \$4.8 million; and Linda Evangelista and Elle Macpherson, both at \$3 million.



Cindy Crawford: super earnings.

In the traditional precursor to the Oscars, Robert Zemeckis won the Directors Guild of America's award for best director for "Forrest Gump." Only twice in nearly 50 years has the Guild winner not gone on to take the Academy Award. Zemeckis beat Robert Redford ("Quiz Show");

Giorgio Strehler, one of Italy's best-known theater directors, has been cleared of fraud involving the alleged misuse of European Union funds, judicial sources said. Prosecutors claimed that he had diverted funds intended for training courses in stagecraft to help keep his theater afloat, but a Milan court dismissed the charge.

Haak Ketchum, the creator of "Dennis the Menace," has sold his studio and historic house to the city of Monterey, California, and plans to retire this year after drawing the comic strip for nearly 45 years. The strip will continue, with Ron Fenderson doing the Sunday version and Marcus Hamilton drawing the daily cartoons.

The Chinese film star Gong Li had angry words for a photographer who snapped a picture of her while she was shopping with her new boyfriend in Hong Kong. Gong, who recently ended her long relationship with the director Zhang Yimou, was reported to have let loose with several expletives at a photographer of the Chinese-language Oriental Daily News.

Your stomach's growling.

Mother Nature's calling.

Your flight's boarding.

Plenty of time to make say.

balls

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